# Ignoring Copyright Pact, China Reopens Factories That Pirated U.S. CDs

By Richard Covington

Special to the Herald Tribine

HONG KONG - In a move that threatens the provisional truce between China and the United States over intellectual property rights, the Chinese govern-ment bas allowed all but one of the seven compact disk factories it closed for piracy violations to reopen.

China's decision alarmed U.S. trade negotiators and manufacturers, who said the reopenings would undermine an agreement by Beijing to stop the counterfeiting [xof American audiovisual and computer

The agreement was reached in February just before U.S. sanctions on more than \$1 billion in Chinese-made imports were to take effect. It induced Washington to soften its opposition to China's entry into the new World Trade Organization, but U.S. officials want to see other Chinese trade barriers dropped before they agree to support Beijing's membership.

The plant reopenings "would suggest the agreement is having severe teething problems," said an aide to a European trade official in Brussels. "It was an ambitious agreement to begin with, so we have reserved our judgment on whether the Chinese can succeed in putting it into effect."

Officials at the office of the U.S. trade representative. Mickey Kaptor, said

representative, Mickey Kantor, said Thursday in Washington that they had learned only this week that the factories had reopened. "We are still studying the matter to formulate a response," said Deborah Lehr, deputy assistant U.S. trade reposentative for China resentative for China.

The reopenings were disclosed in an interview with an officer of an international record industry monitoring agency and were confirmed by a Chinese government

The Chinese-American agreement called on Beijing to inspect over three months every one of the compact disk and laser disk factories in China, and to de-stroy pirated goods and the equipment used to produce them.

The Chinese signed the pact under intense pressure by Washington and the threat of trade sanctions. Officials swiftly closed 7 of 29 factories that copied and distributed pipe of the copied a distributed pirated computer software and audio and video compact disks as a demonstration of their intentions to crack down on the multibillion-dollar industry.

Giouw Chian Ju, regional director of the International Federation of the Phonographic Industry, a watchdog agency that represents more than 1,000 record companies and statement of the Phonographic Industry, a watchdog agency that represents more than 1,000 record companies. ies worldwide, denounced the reopening of the factories.

"The recording industry alone has lost \$300 million in the piracy of audio CDs and music videos in China," Mr. Giouw said in an interview here. If we let the government stop its actions to quash the pirate factories, they will return immedi-

Paul Ewing, vice president and regional director for southeast Asia for Warner Music International, reacted angrily to the reopenings. "We have been very disappointed in the Chinese actions to suppress piracy so far," he said, "and this just further confirms our feers." ther confirms our fears."

A report on China's compliance with the February agreement is to be released by the U.S. trade representative in July. If Beijing is found to have breached the pact, Washington might renew its threats of

Giao Ling Han, deputy director of the copyright department for China's National Copyright Administration, one of the

See PIRATES, Page 10



KASHMIR CONFLICT — A woman arguing with policemen Thursday in Srinagar as they stopped her and others from marching toward a group of UN military observers. The Indian authorities have imposed a curfew on the city.

# EU Heads Boldly Into a High-Stakes Debate on Expanding Eastward

By Tom Buerkle and Berald Tribus

BRUSSILS The Property Union is heading for another long, bruising battle over its future, only this time the stakes have never been greater and the differences between PU members have rarely been

The objective is as noble as it is vital: spreading the peace and property that Western Europe has achieved through 40 years of ever-closer cooperation to the formerly Communist countries of Eastern

But the risk is that without a fundamental over-

haul of objectives and operating procedures as the Union expands to perhaps 27 members from 15. Europe's ineffectiveness today in dealing with the war in the former Yugoslavia and mooetary turmoil could deteriorate into paralysis and regional fractures tomorrow.

This is an enormous challenge that is entirely different from anything we have done before," said Niels Ersboll, former secretary-general of the EU Council of Ministers and Denmark's representative to a reflection group that will suggest reform options for an EU intergovernmental conference next year.

The conference, he said in an interview, is an exercise in guaranteeing the cobesion of the Europe-

Seeking inspiration for the task, EU foreign ministers and the reflection group were to begin preparations for the 1996 conference at a meeting Friday in the Sicilian port of Manior, where representatives of Germany, France, Italy and the Benelux countries laid the basis for the Union's founding Treaty of Rome 40 years earlier.

The divisive debate over the Maastricht Treaty on European Union, concluded just 18 months ago, has to ease the strain between skeptics and propoacous of deeper integration.

Laying down Britain's marker in a House of Com-mons debate in March, Prime Minister John Major vowed to resist efforts to dilute national veto power and extend the use of majority voting in EU deci-

sions, and pledged to keep defense matters strictly in national capitals. The Union, be contended, was "bound to be more flexible and less prescriptive" as

its membership nearly doubles.
In Bonn, meanwhile, Chancellor Helmut Kohl's government is preparing proposals for extending majority voting into foreign policy matters and insisting that Germany achieve greater political coop-Europe abandon the Deutsche mark for a single currency. age for its pledge to "What we don't want is a deluxe free-trade zone,"

Mr. Kohl said recently. That gulf has led many officials to predict that the

See EU, Page 10

### World Bank's New Leader Is Ready to Hit the Road

By Clay Chandler Washington Post Service

WASHINGTON — Even as James D. Wolfensohn settled into his new office atop the headquarters of the World Bank

he was making plans to leave it.
In his first interview since President Bill Clinton named him to succeed the late Lewis T. Preston as the ninth president of the giant global lender, Mr. Wolfensohn vowed to spend the next six months traveling throughout the developing world to see the hank's operations from the ground up.

"It is crucial that I get my own view of what the World Bank does," said Mr. Wolfensohn, who moved into his joh Thursday. He leaves for a 10-day tour of Africa June 15 and will visit Latin America in n.a.-July.

"I'm not just making these state visits," exchanging niceties with leaders, he said. Instead, he plans to visit bank-funded infrastructure projects and meet local officials and representatives from environmental and other nongovernment

"I'll be walking the streets, smelling it myself," he said. "I can't get that from listening to commentary in Washington."

As president of the bank, which has about 6,000 employees and S120 billion in total assets, he faces management challenges far more complex than any he may

have confronted as the Kennedy Center's chairman or on Wall Street.

The end of the Cold War, the global ascendance of capitalism and the sudden flood of private capital now available to the world's developing nations have forced World Bank managers and financial offi-cials in its major donor nations to rethink the mission of the 50-year-old institution. The bank's charter restricts it almost entirely to making loans to governments for specific projects.

Many international finance experts argue that the World Bank must define its role more clearly. Some say it should act mainly as a source of aid, channeling wealth from rich nations to poor, while others argue that it should operate more like a bank, working closely to facilitate investment hy the private sector and develop export markets for donor nations.

In the interview, Mr. Wolfensohn said that establishing clear priorities for the bank would be his primary contribution as president, but offered few clues about what they would be.

His No. I goal as president, he said in response to a question, is the "alleviation of poverty," and in that he was echoing official bank policy and his predecessors.

But he said that achieving that goal could be defined in many forms, including more money for investment in education. health and the environment, loans to help restructure the financial system in Mexico.

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### AGENDA

### **Burundi Capital** Torn by Violence

BUJUMBURA. Burundi (AFP) — Witnesses said the death toll in fighting in Bujumhura between Hutu militias and troops of the Tutsi-dominated army rose to at least 11 Thursday, as soldiers sealed off the capital's last two remaining Hutu strongholds.

Later, there were signs the situation was growing calmer after a day of intermittent gunfire that kept many people indoors.

Residents of the two neighborhoods where the shooting started Wednesday morning said that at least four soldiers and seven civilians were dead. The government put the toll at one soldier and two civilians.

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Rights Abuses in China Cited EUROPE 6 Saved From Quake Rubble

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FROM THE HORSE'S MOUTH - President Bill Clinton talking to the press Thursday from horseback during a ride outside Billings, Montana.

# Window on Simpson Trial: A Dismissed Juror's Tale

By Lorraine Adams Washington Post Service

LOS ANGELES - Francine Florio-Bunten is the eighth and most recently dismissed juror in the O.J. Simpson case. She sees herself as an idealist wronged, a fair woman unfairly tainted. But she also tells a story about how the evidence looked from where she sat, on a jury with a culture nuanced with racial tribulation.

Two things are clear to her. She believes Judge Lance A. Ito dismissed her last Thursday, after a star-chamber interrogation, because of false and anonymous accusations that she had contracted to write

In an extensive interview earlier this week, Ms. Florio-Bunten provided the first window into the sequestered Simpson jury since another juror, Jeanette Harris, was dismissed in April. Her account raises questions about how Judge Ito is conducting investigations into allegations of juror misconduct; about how the present jury of six black women, two black men, a Hispanic man and woman, and two white women will be able to deliberate; and most important, about whether the prosecution is in serious trouble.

Ms. Florio-Bunten, who is white, has a book about the trial. And, based on the

evidence presented so far, she believes the prosecution has yet to prove its case, turmoil on the panel. She was one of 13 jurors and alternates who wore black in April to protest Judge Ito's dismissal of three sheriff's deputies who had been sccused by Ms. Harris of favoring white jurors they were guarding. She herself was accused by Ms. Harris of expressing racial animosity by kicking Ms. Harris and knocking another hlack juror on the head—allegations Ms. Florio-Bunten strongly

> Ms. Florio-Bunten's statements about the case are a particular blow for the prosecution. She says its case is still too circumstantial, despite the introduction of the DNA evidence. The bloody and the glove found at the Simpson estate are com

pelling, she says, but she would need more -a footprint at the scene that was irrefutably Mr. Simpson's, for example.

She does not buy the defense's theory that the police coospired to frame Mr. Simpson for the murders of his former wife and a male friend, but she does have dou hts about the blood drops. She says the drops were very small and many were degraded, and they could have been dropped there before the murders. She says that Mr. Simpson's blood found at the murder scene could have been from a time previous to the killings.

She cautions that it is not yet over. "We See JUROR, Page 3

In Bosnia Serbs'Leader Threatens

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Are Liberated by Force By William Drozdiak

'Slaughter' if Captives

Paris and U.K.

Push Backup

Unit for UN

PARIS - France and Britain stepped up preparations Thursday for a new rapid reaction force in Bosnia to help reinforce and protect UN peacekeepers even as new questions arose over the feasibility of its mission and whether it might plunge West-ern nations deeper into the Balkan quag-

As rebel Bosnian Serbs continued to bold 370 United Nations peacekeepers hostage, the French and British governnostage, the French and British governments appealed to other allies, including the United States, to pledge troops and weaponry to the planned 5,000-man contingent. French officials say the contingent will be authorized to use force to open supply routes and defend strategic sites without having to go through the United Nations' cumhersome chain of command Nations' cumhersome chain of command. The Bosnian Serh leader, Radovan Karadzic, warned Thursday that if major pow-

Bill Clinton remains 'inclined' to offer troops for a Bosnia mission. Page 10.

ers used force to free bundreds of UN hostages under Serb detention, their action would result in "slaughter," Reuters re-

ported.

"Any attempt to liberate them by force would end in catastrophe," Mr. Karadzic said in an interview on Bosnian Serb television in Pale, outside Sarajevo. "It would be

a slaughter."
President Jacques Chirac of France, in his first public comments on the Bosnian crisis since the bostages were seized after Western air strikes last week, said be would use all means necessary to maintain France's military presence in Bosnia be-

cause Europe's security was at stake. France maintains about 4,000 troops in Bosnia, the largest national contingent among the United Nations' 22,000-man force. More than half of the bostages are

French. diers being bumiliated, wounded or killed with impunity by those who have chosen to oppose their mission of peace and protecting civilians," Mr. Chirac said at the funer-

al ceremony of two slain French peacekeepers in the western town of Vannes. His remarks were the first public affirmation that Mr. Chirac has decided to sustain France's peacekeeping force in Bosnia, despite repeated warnings by Prime Minister Alain Juppe that the deteriorating situation on the ground could

compel France to remove its troops.

Senior French officials said that Mr. Chirac has given tough new orders to French commanders in Bosnia to show firmness against any transgressions by the

See FORCE, Page 10

### **Clinton Bends** In Negotiations With Belgrade

By Stephen Engelberg New York Times Service

WASHINGTON - The Clinton administration has decided to offer new concessions to President Slobodan Milosevic of Serbia, including an indefinite suspen-sion of most of the trade and financial sanctions against Yugoslavia, according to

The officials said Mr. Milosevic would be asked to grant diplomatic recognition to Bosnia-Herzegovina and denounce the taking of United Nations hostages by Bosnian Serbian forces. The hope is that Mr. Milosevic will exert his influence to press for a settlement of the Balkan conflict,

which has continued for nearly four years. Rohert Frasure, a deputy assistant secretary of state, met Wednesday in Belgrade with Mr. Milosevic and administration of-ficials said he was instructed to sweeten a

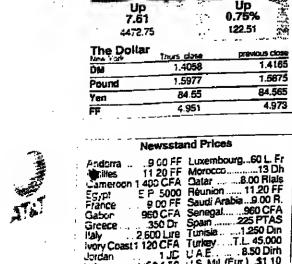
previous offer for relaxing the sanctions.
In exchange for Mr. Milosevic's steps toward bringing peace to the Balkans, Mr. Frasure was prepared to make it harder for Western nations to reinstitute the sanctions once they were suspended, a key concern of Mr. Milosevic's.

The economic sanctions, imposed by the United Nations three years ago, have been widely breached by smugglers and oeighboring nations. But they have substantially harmed the Yugoslav economy, and are the main remaining leverage the West has io the region.

Last year, as part of a diplomatic bar-gain with Mr. Milosevic, the United Nadons — but not the United States — suspended some of the restrictions, allowing resumption of international flights to Belgrade. Yugoslavia also was allowed to participate again in ioternational sporting and cultural events.

lo exchange, Serbia agreed to cut off

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Dow Jones

### For Israeli Military, a Fading Empire — at Home

By Clyde Haberman New York Times Service

ERUSALEM — After decades as the country's main unifying force — more than religion, certainly more than politics — the Israeli Army is slowly losing the enormous power it once had to shape this

In the past, a shining army career was a sure ticket to later success as a civilian, and failure to serve usually meant a life of deadend jobs and second-class status. While that can still be the case, the military is far from the ultimate social umpire that it ooce was.

Peace treaties with some Arab countries, the absence of an imminent war threat, relative affluence, a greater emphasis on individual fulfillment and readiness to question venerable institutions — all have combined to alter Israelis' expectations of the military and undermine their once-unshakable conviction

that it can do no wrong.

The army's failings, from training accidents to human-rights abuses in the occupied territories, have come under public scrutiny to an extent that would have been unimagin-

able years ago.
Of course, the military still commands respect, but its word is no longer considered holy writ.

Parents are much quicker now to ask if it can be trusted with their children's lives, or even to give young soldiers enough blankets at night. The Israeli press, less restrained than ever by censors, seizes on accidents as symptoms of deteriorating standards.

On the political right, some radicals go so far as to east the army as the enemy — a tool, they charge, of a government that they also consider an enemy for its willingness to give up territory to the Arabs. It is an accusation of a type not often heard in Israel's 47-year history, and it has raised fears that a consensus against attacking the military so harshly is

Such worries aside, however, many specialists applaud the closer scrutiny being given to the army, or the Israel Defense Forces, as it is formally called.

"It's a sign of the country's maturation," said Stuart Cohen of the Besa Center for Strategic Studies at Bar-Ilan University in Tel Aviv. "We're living in a time when old myths are being shattered, and the army is not immune. It is no longer the sacred cow it used to be, when people would say: 'Shush, doo't

Actually, change has been under way for more than 20 years. It began, many say, with the 1973 Arab-Israeli war, when the generals were accused of not being prepared for at-

tacks by Egypt and Syria.

Trust in their judgment was further eroded by the highly disputed invasion of Lebanon in 1982. Then came the Palestinian uprising in 1987, leaving still more scars and ever fewer

soldiers eager to serve in the territories. "The uprising broke the IDF," said Martin van Creveld, a military historian at Israel's Command and General Staff College, "It has oot had a good word said about it for the last seven years. It's really down on its face."

O MANY OTHER experts, his assessment is extreme. Still, some acknowledge that the military, step by step, is becoming "more a profession than a mission," in the words of Moshe Nativ. a retired general who was once in charge of manpower.

If that transformation becomes complete, and the experts say it is unlikely to happen for years if at all, it would be a radical departure from the military's historical role as the coun-

try's melting pot.
Israelis have always oberished their army as the great equalizer, a place where national values are instilled in a land of immigrants, a "people's army" that automatically claims almost every man and woman except the



Recruits at basic training for an elite unit. Despite the army's waning influence, such units are attracting Israelis as much as ever.

country's 900,000 Arab citizens and the most rigorously Orthodox Jews.

But in recent years, because of both changing attitudes and tighter budgets, the army has started to drop cultural and educational programs that it once promoted and to focus more on high-tech weapons acquisitions and its main purpose: preparing for possible war.

"What does not shoot must be cut," said Ehud Barak, who retired a few months ago as army chief of staff and who championed the concept of "a smaller and more clever IDF" that leaves nation-building duties to others.

Smaller means that an unofficial form of selective service is already in practice despite the popular myth of near-universal conscrip-

Two decades ago, 90 percent or more of eligible men went into the army once they reached the draft age of 18. But a baby boom in the mid-1970s and a more recent wave of immigration from the former Soviet Union have led to an explosion in the number of 18-year-olds. In 1994, there were fully one-third

more of them than a decade earlier. The army simply does not need them all. and so it has become more willing to band out exemptions. That is true for both sexes. But it is perhaps more significant in the case of men because, unlike women, they are assigned to combat duty and must serve in the reserves

well into their 40s. Although absolute manpower numbers are kept secret, officials say 17 percent of eligible men are now exempted from service for vari-ous reasons, including "incompatibility with

They include those who are poorly educated or have emotional problems, as well as some who ask not to serve or admit they are afraid to die. Draft evasion, while still rare, is

Beyond that 17 percent, the army says it gives early discharges to 15 percent of the men it does draft. In other words, about onethird of Israeli men do not put in the full three years that in theory is expected of them.

If anything, inequalities are far more glaring on reserve duty, which is the source of another myth: that all men here perform it with gusto. More and more, Israelis complain that the burden is unfairly distributed, with those in combat units forced back into uniform each year for weeks at a stretch while desk jockeys are almost never called up.

"There's a point when you look around and you see how people who are younger and healthier than you are just not going out there," said an Israeli in his early 40s who is often ordered back to combat duty.

"It becomes a problem," he said. "You have work. You have a wife and kids. And going into the army that often can seriously impede your life."

Acknowledging the resentments that have built up, the army said in April that it would support a new law to reduce the maximum number of reserve-duty days from 33 a year to 24 and to adjust training schedules to give combat reservists a break.

N THIS ATMOSPHERE of questioning old ways, some army commanders lament that today's conscripts are less motivated than their elders and less willing to volunteer for combat units.

Lieutenant General Amnon Shahak, the new chief of staff, told legislators in March that he was concerned about an apparent rise in the number of young Israelis who consider military service "inappropriate for them."

The problem, General Shahak said, is "a

preference for individualism over the collective in an age of liberalism."

The general had seen surveys by the Israeli Institute for Military Studies, which asked high-school students whether they would go into the army if service was voluntary. In 1988, "yes" answers were given by 94 percent. By 1994, that figure had slipped to 88 percent.

But Dr. Reuven Gal, the institute's director and a former army chief psychologist, does not share General Shahak's worry. One explanation for the decline, he says, is that the idea of Israel's having a volunteer army was more of a far-fetched abstraction in 1988 than it is

"It's not that the motivation is lower," said Dr. Gal, who viewed the 88 percent figure as more than high enough. He noted that even with a reported drop in the number of volunteers for combat units, the military has an ample manpower pool.

Besides, he added, studies show that young Israeli men are signing up as much as ever for the paratroopers and other elite units, apparently on the theory that if they must serve, they might as well go with the best

Still, if hardly near collapse, the army no longer totally commands center stage.
Yaron Ezrahi, a political scientist at the

Israel Democracy Institute in Jerusalem, cites a recent Supreme Court decision giving families of dead soldiers the right to their own inscriptions on tombstones. Until then, allepitaphs in military cemeteries had been

"The state has lost part of its power to control even the meaning of soldiers' death," Mr. Ezrahi said.

Another measurement is money. Increasingly prosperous and spared a full-fledged war for more than a decade, Israel devotes an ever-shrinking share of its resources to the military. In 1985, military spending accounted for nearly half the government budget, 45.7 percent. The figure for 1994 was 25.4

The army was once so all-encompassing that Israelis who did oot serve found not only that many employers would not hire them but also that they were discriminated against in basic matters. Banks were reluctant to give them mortgages. They even had trouble get-ting drivers licenses.

Conversely, high-powered officers found good careers waiting for them in business and politics, and often still do. The fact that Prime Minister Yitzhak Rabin and President Ezer Weizman are both former generals suggests that the uniform has not completely lost its

But change is afoot.

For the last year, the government has stopped using military records as a basis for deciding whether people get civil-service jobs. That decision does not involve private business, but the civil service commissioner. Yitzhak Galnor, predicts a trickle-down effect.

"For the first time, some sort of separation was made between the qualifications for military service and nonmilitary service," he said.
"The military profile is still probably the most important indicator on his resume, especially for a young man. But it's not as key as it used

Mayor Amram Mitzna of Haifa, who was the army's planning chief until two years ago, agreed. But he said it was much too early to count the army out either as a ticket to success or as a rite of passage for a young nation.

"Once people feel safe and once there are no terror acts, it will be easier to make concessions and ask why we need this kind of a people's army," said the mayor, 50. "But it won't happen in my lifetime."

### Turkish Exercises 6 Add to Rift Over **Control of Aegean**

ANKARA - Turkish forces military official said. began two weeks of military exan international treaty giving June 23, he said. Athens the right to extend its territorial waters.

Turkey has often said that a doubling of the extent of Greek authority in the Aegean to 12 nautical miles would be a cause for hostilities.

Turkey made no immediate official comment on the move by the Greek Parliament, but a Foreign Ministry source sought to play down tensions between the two North Atlantic Treaty Organization allies.

"The exercise is a scheduled one which has been advised to all countries concerned, long before," a Foreign Ministry source said. "There is nothing about it to escalate tension."

Ankara has refused to sign the United Nations Law of the Sea Convention, which it says would turn the Aegean into a Greek lake, choking Turkish access to international waters.

"Efes-95 is a combined land, air and sea exercise to cover international waters and airspace," a Turkish military spokesman said. "It will end on June 15 with a mock landing at

other exercise, Sea Wolf-95, the

That maneuver will take creases around the Aegean Sea place in the Aegean, the Sea of on Thursday, just hours after Marmara and the eastern Medithe Greek Parliament ratified terranean and will last until

Turkey and Greece have long been at odds over several issues, including rights in the Aegean and the divided island of Cy-

In 1987 the two sides nearly went to war over mineral rights in the Aegean.

Greece has not said it will try to enforce the treaty and extend its territorial waters, but it has made it clear that it has the

right to do so at any time.
"Greece will exercise its rights whenever its interests dictate," Deputy Foreign Minister George Mangakis told Parlia-ment before the vote. "Turkey's war threats are nothing more than expressions of nervousness

over its internal problems." Western diplomats have said it was unlikely that Greece would actually extend its waters. Prime Minister Andreas Papandreon may simply want to use the threat as a strong negotiating card in talks over Cyprus or other issues with

Turkey, they said.
More than 60 countries have ratified the Law of the Sea convention, which was signed by Greece in 1982 but had not the Doganbey area near Izmir." Greece in 1982 but had not On June 10, the Turkish been ratified by the 300-member Parliament.

#### TRAVEL UPDATE

#### Free Mileage to Join the Free Lunch

CHICAGO (AP) — Budget Rent a Car Corp. has taken the lead in its industry's light against rising costs by dropping unlimited free mileage on most rentals.

Budget's new policy is the broadest move by any car rental company to eliminate unlimited free mileage, which has been the industry norm since the late 1980s.

Avis Inc. said it plans a similar policy in 21 cities in mid-July, potentially crimping summer vacation driving plans. Hertz Inc. has tried a variety of mileage restrictions in different markets since mid-April.

The Israeli airline El Al has imposed an \$8 security surcharge on all flights, a spokesman for the carrier said.

Pilots west on strike Thursday at the Cyprus charter airline Eurocypria, affecting 3,000 vacationers traveling to or from the Mediterranean island. An airline official said 11 flights between Cyprus and Britain, Germany and Scandinavian countries would be canceled Thursday and Friday.

German tourists have gradually resumed visiting Florida, after staying away following a rash of shootings last year. "Florida is attracting German tourists again, and it's not just the weak dollar," said Franz Schoiber, chairman of Deutsche Lufthansa's AG's charter subsidiary Condor. "The main factor is that calm has returned to the area

Scandinavian Airlines System pilots say they will strike for 24 hours Friday, halting non-Nordic flights, and Danish pilots called a second one-day strike for June 9. Norwegian pilots have issued a third strike notice involving all SAS flights as of June 14, and their Swedish and Danish colleagues are expected to follow suit. That strike has no time limit. SAS cabin attendants began a selective strike Wednesday, disturbing routes between Scandinavia and Tokyo, Osaka, Bangkok and Hong Kong.

Alitalia pilots said they would strike Friday to protest a restruc-turing plan, union officials said in Rome. Previous such actions have caused major disruptions of service. The pilots also plan to strike June 23.

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### Heat Wave Leaves Russians Dreaming of Cold

By Margaret Shapiro Waskington Post Service

MOSCOW - Red as a Russian beet and sweating uncontrollahly, Vladimir Guzenko stood grumpily on one of Moscow's busiest streets, a traffic cop in the midday sun, checking drivers' documents as an unaccustomed blistering heat beat

down on him. "I'll take 30 degrees below over this any time," he huffed, mopping his brow with a rag.

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"When it's cold you have energy. Who can live like this?"
This is a city of 9 million people that positively revels in

the gloom and cold of a sixmonth winter, but is woefully unprepared for the sunny, near-90-degree Fahrenheit temperatures (above 32 degrees centigrade) of the past week.
It has broken temperature re-

cords, sent residents by the thousands heading for any body of water, from the polluted Moscow River to fountains in parks, and closed the main international airport for a time this week when the runway began to buckle from the heat. Moscow's brick and block

apartment buildings are sturdily equipped for deep freezes. Russian psyches seem to thrive on the long dark nights and

in the entire metropolis. Many people do not even have fans, so people do not even have fans, so bench and shady patch, Rus-mfrequent are truly hot days. In sian men, women and children an average summer, daytime had parked themselves in hope degrees and sweaters can be necessary at night.

So when the sun emerged from hibernation and the mercury began rising two weeks ago, people at first were delighted at the prospect of an early summer. Now, they moan and pant at the unrelenting heat. Even ice cream vendors are complaining, griping that the weather is so hot that few peo-

frigid, overcast days, People here own all manner of boots, fur hats and long underwear.

But there are probably only a having a terrible time. She says Since last Thursday, the mercufew thousand air-conditioners she can't even breathe." All around her, on every

temperatures rarely exceed 80 of catching a cool breeze. The ground was covered with white fluff, springtime downy sheddings from thousands of poplar trees that look from a distance like snow but did not seem to be making anyone feel cooler.

According to the weather bu-reau here, the temperature began to rise above the norm when a mass of hot air moved into Russia from the deserts of Kazakhstan in mid-May.

park. "I'm more or less O.K., however, the average in Mostout my grandmother is really cow has been more like 75. seem convinced.

grees, shredding records for high temperature and duration.

The center reported Wednesday afternoon that a 104-year record for loogest heat wave in the Moscow region had been broken. And officials said it was unlikely to end very soon.

That was bad news as far as Natasha Kulkova, 29, was concerned. She gave birth to a baby boy a few weeks ago and has been sweltering with him —day and night — inside her apart-ment, which faces south and gets sun all day long.

weather is so hot that few people are strolling outside, and sales have plummeted.

"Horribler" said Slavitsa Silevanova, 23, as she and a friend slowly ambled through a shady park "Tim more or less Ok.

#### A New Era of Train Travel Arrives In Australia on Standardized Rails

SYDNEY --- A new era of cooperation dawned Thursday when a freight train pulled out of the northern Australian city of Brisbane for a seven-day transcontinental trip to the western city of Perth.

Until now, each of Australia's five mainland states operated rail services on tracks of differing widths. With few exceptions, most trains from one state could not run on a neighboring state's tracks.

The states have slowly been laying standard track piece by piece in recent years, and the final section, between Adelaide and Melbourne, has just been finished. The train, dubbed "One Australia" will make ceremonial-stops in Sydney. Melbourne and Adelaide before arriving in Perth on June 7.

Transport Minister Laurie Brereton described the nationwide standard track as the most important achievement in the history of Australian rail. The federal government has identified a uniform rail gauge as a pressing reform needed to boost economic competitiveness. For the same reason, a long list of differing laws and regulations enacted by the states are also

being standardized. The problem of standardizing track widths in Australia dates to the last century when the states were separate British colonies and could not agree on a track width.



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# Dole Sharpens Assault on Hollywood

By Bernard Weinraub New York Times Service

LOS ANGELES - In his quest to gather support from conservative Republicans for his presidential bid, Senator Bob Dole has made a withering attack on the entertainment industry for, he said, producing a barrage of movies and records that are slashing the social fabric of the nation.

We have reached the point where our popular culture threatens to undermine our character as a nation," said Mr. Dole, whose speech propelled him into the forefront of Republican candidates denouncing Hollywood for producing what he called "nightmares of depravity.

Ours is not a call for censorship," he said at another point.
"It is a call for good citizen-

He said that some of the most profitable films in recent years were actually family films like
"The Lion King," "The Santa
Clause" and "The Flintstones."
He also included "Forrest Gump" in his list and, oddly, "True Lies," an action thriller in which Arnold Schwarzeneg-ger's character kills with hightech Hollywood abandon.

plored music extolling the Abortion rights, gun control pleasures of raping, torturing and mutilating women" as well as "songs about killing policemen and rejecting law.

Early reaction to Mr. Dole's speech ranged from muted to angry. Some activists said Hollywood was an easy target for conservatives who, they said, are failing to deal with social issues like gun control and unemployment.

Specifically singling out Time Warner for promoting its rap records, with depictions of violence against police, the Senate majority leader said:

"I would like to ask the executives of Time Warner a ques-tion: 'Is this what you intended to accomplish with your ca-reers? You have sold your souls, but must you debase our nation and threaten our children as

Mr. Dole's speech to sup-porters at a fund-raising dinner in Century City marked his most muscular attack on the entertainment industry since announcing his presidential drive in April.

Mr. Dole has sought to gath-

But he said Hollywood was failing to deal with films and hard-line conservatives who songs extolling violence. He dedominate the primary process.

On Wednesday he cited such films on "Netwell Poor Killers" and lately, Hollywood have

been targets for the 71-year-old lawmaker who has, in recent weeks, lashed out at entertainment executives for promoting "casual violence and even more An aide to Mr. Dole ac-

But his aides felt that his carlier forays into social politics had been too general for a can-didate who has never been known to strongly espouse the party's moral agenda.

To that end, associates said his visit Wednesday night was designed to gain maximum im-

"This is a great issue for our campaign in that it shows Dole providing moral leadership," a top aide said.

The speech was written by a cam of Dole aides including Mari Will, who worked in Mr. Dole's failed presidential bid in 1988 and is the wife of the columnist George Will. Other politicians have sought

to criticize Hollywood's standards ever since Vice President Dan Quayle began the 1992 campaign's "family values" debate by denouncing the comedy series "Murphy Brown."

Mr. Quayle's attacks were initially successful, but backfired at the 1992 Republican National Convention in Houston, where speaker after speaker focused on social and moral issues and, in the view of many Republican and Democratic strategists, alienated large groups of voters.

Since then, the Republicans

By Gabriel Escobar

Washington Post Service

films as "Natural Born Killers" and "True Romance," as well as groups like Cannibal Corpse, Geto Boys and 2 Live Crew for their depictions of "mindless vi-olence and loveless sex."

knowledged that the candidate had not actually seen the mov-ies or heard the songs, but had read the film reviews and lyrics. "A line has been crossed not just of taste, but of human

dignity and decency." he said. It is crossed every time sexual violence is given a catchy tune. When teen suicide is set to an appealing beat. When Holly-wood dream factories turn out nightmares of depravity." Some of the more vocal liber-

als in Hollywood were unresponsive to Mr. Dole's speech. Some of the bluntest comments came from Miebael Fuchs, newly appointed chair-man of the Warner Music Group, who also runs Home Box Office. In the face of criticism about rap lyries, Mr. Fuchs was asked last week by Time Warner's chairman, Gerald Levin, to develop guidelines

labels on some rap albums. From his office in New York, Mr. Fuchs said that Mr. Dole "had made no effort to have a dialogue or to try to look at this thing in anything less than an expedient political manner."

to place more specific warning

"There's presidential politics going on here," he added. "And there's a not so subtle movement by some conservatives in this country to go after institutions and industries and companies, including entertain-



Sebastián Arcos Bergnes, one of the Cuban dissidents released, being greeted by family members in Havana.

### Cuba Frees 2 Dissidents After French Group's Plea

HAVANA — Two leading dissidents have been released from prison here after a

request by a French human-rights group. Sebastian Arcos Bergnes, was freed Wednesday, after serving three and a half years for "political propaganda against the state," and Indamiro Restano was freed on Thursday

They were two of six political prisoners Cuban authorities released after a request by the human-rights group France-Li-bertes, led by Danielle Mitterrand, wife of the former French president. The group have been seeking ways to bring ment, that don't subscribe to visited Cuha in early May at the invitation of Fidel Castro to investigate the cases of agenda" back to life, but none family values." political prisoners. It was not clear wheth-

For a Onetime Banished Dissident, Justice in Chile

er the other four detainees had yet been

Mr. Arcos arrived at his Havana home on Wednesday evening after being freed in the central city of Cienfuegos and told foreign reporters that his release was unconditional. Mr. Arcos, the vice president of one of Cuba's small and illegal dissident groups, the Committee for Human Rights in Cuba, said he planned to continue his

buman rights work.

He said authorities had offered him freedom several times in the past, but on condition he leave the country.

"I have always rejected this, and I will forms, have not indicated the continue to reject it because I think it is a change the one-party system.

right of mine and a duty to stay in this country." he said.

Mr. Restano, 47, sentenced in 1992 to a 10-year jail term for rebellion, also said he would continue with his work for democracy. He is a journalist who led a dissident group called Harmony.

He said he saw his release as a hopeful sign that a new era of tolerance was starting in Cuba.

Political opposition is banned in Cuba, and the country's few small human rights and opposition groups are illegal. The authorities, while engaged in economic re-forms, have not indicated they intend to

### POLITICAL NOTES

#### In California, Making Merit Count

SACRAMENTO, California — Condemning affirmative action programs as "unfair" and "unjust," Governor Pete Wilson says he intends to curtail them sharply throughout

California government wherever the law allows.

In an open letter to Californians, Mr. Wilson said that merit, not race or sex, would mainly be the basis for state employment, promotion, contracting and school admission policies except where federal and state laws and judicial decisions mandated affirmative action.

With his announcement, Mr. Wilson, who is considering running for the Republican presidential nomination in 1996. served notice that he planned to make affirmative action a pillar of his campaign, and he urged President Bill Clinton and Congress to "summon the courage" and "common sense" to follow his lead.

"We must ask ourselves whether the bestowal of preferences based on race or gender squares with equality under the law," Mr. Wilson wrote in his eight-page letter. "The answer we cannot deny is that it does not."

(NYT)

#### Indians Fear an Erosion of Rights

WASHINGTON — Pointing to issues from clean water to gambling on reservations, American Indian tribes say they are facing legislation and a climate on Capitol Hill that could undermine many of their rights.

When Congress passed the Clean Water Act in 1977 Indian nations were omitted from its coverage. It took 15 years for the Indians to obtain an amendment allowing tribes to petition for the right to enforce the act's requirements on

Only this year was that right secured by the Flathead Nation of Montana. Now non-indians living on the Flathead reservations are pushing for another amendment that would

exempt them from clean water laws enforced by Indians. The amendment would "unjustifiably undermine" EPA policy and congressional intent, the Environmental Protection Agency's assistant administrator, Robert Perciasepe, wrote to Representative Pat Williams, Democrat of Montana.

Tribes and Indian interest groups attribute the clean water challenge and other proposed changes in laws affecting Indians in part to the new Republican-controlled Congress, which they say lacks knowledge about Indian issues and about treaty obligations to the Indians. Indians are worried about Congress's enthusiasm for nurn-

ing power and money over to the states. They fear that states, which traditionally have not been as supportive as the federal government, will deny funding to the tribes because they

represent a lower political priority.

"The Republicans are trying to change the relations between the federal government and the American people. Native Americans are in danger of being caught in the squeeze," said Senator John McCain, Republican of Arizona, a longtime advocate for Indians. "Nothing that happened in the '94 elections changed the constitutional and treaty obligations that the country has to Native Americans."

#### HUD Corruption Investigator Quits

WASHINGTON -- Arlin Adams, independent counsel in the HUD influence-peddling scandal, has ended his investigation and is resigning after five years and more than a dozen

Mr. Adams's resignation takes effect July 3, according to an announcement Thursday by the U.S. Court of Appeals. He will be succeeded by Larry Thompson, a former U.S. attorney who has worked with him throughout the HUD probe.

"As I previously advised you, the investigative phase of my

assignment has now been completed," Mr. Adams said in a May 15 letter to Circuit Judge David B. Sentelle. The investigation, Mr. Adams said, had uncovered "widespread irregularities" at the Department of Housing and Urban Development during the tenure of Secretary Samuel R. Pierce in the Reagan administrations of the 1980s.

#### Cuomo Won't Bail Out N.Y. Party

NEW YORK -- The New York state Democratic Party -politically humbled, broke, unable even to afford its own office space — is in desperate need of more than \$400,000 to pay off its debts.

Former Governor Mario M. Cuomo, the party's defeated standard bearer, just happens to have about \$400,000 in leftover campaign funds, and a group of party committee members suggested this week that he share the funds with the

But Mr. Cuomo, unhappy with the direction his party has taken since his defeat in November — particularly the sup-port some of its leaders have shown for several initiatives offered by the man who who defeated him, Governor George

Pataki — is in no mood to share.

He said that he might use the money to fight the death penalty and statewide tax cuts, both of which have been supported by Sheldon Silver, the Assembly speaker and the state's leading Democrat, along with other elected party officials in Albany. He even dropped broad hints that he might need the money for a future political race.

"That money was given to Mario Cuomo for Mario Cuomo," Mr. Cuomo said in a telephone conversation from his private law office in Manhattan. "If what they want me to do is announce that I'm no longer interested in politics, here's all the money, this is my last office, I'm not going to pursue anything else, well, that's not true. I can't do that." (NYT)

#### Quote / Unquote

President Bill Clinton, during a speech at Montana State University in Billings, issuing a plea for more civil political debate: "If I could wave the magic wand and do just one thing, it would be to try to get us out of the way we are communicating with each other. Every time we have a difference, we turn it into a wedge and a divide and we try to beat each other to death with it. That's not right. It's not the American way."

the news to the restive crowd, mer Chilean foreign minister, "It will be a great achievement which hooted and cheered in Orlando Letelier.

SANTIAGO — The military stayed in the barracks and Chijcan justice, most people agreed, worked. But to measure what it means when a wounded nation finally decides to jail members of a once feared secret police agency, it is worth listening to a short, bearded man who says that now he can begin believing in his country again.

Denied justice 22 years earlier, jailed and eventually banished from Chile by the military regime of that era, Mr. Parraguez had brought a deep sense of personal persecution to a narrow Santiago side street at dusk to wait for satisfaction.

The court decision handed down that evening applied only to General Manuel Contreras Eduardo Parraguez was out- and Brigadier General Pedro ing anew on a judicial ruling side the Supreme Court at 6:15 Espinoza, called the "intellectuupbolding convictions of the P.M. Tuesday when portable al authors" of the 1976 assassi- two generals that has had enor-

But in the minds of Mr. Parraguez and many others in Chile, the decision was a moral, if limited, sentence on an era the regime of General Augusto Pinochet, who reigned supreme from 1973 until the return of democracy to Chile in 1990.

"It was immensely emotional to see that justice is done, slowly," Mr. Parraguez, a 46-year-old union leader, said, rellectto see them put in jail."

With few exceptions, Chileans emhraced the court ruling as proof that the country's institutions work and that the democracy restored five years ago is solid. Fears that the military would

rebel in defense of its own did draw a distinction between then not materialize, and even street and now. violence provoked by some extremists generated little inter-

has caused great consternation Ministry of Regional Planning, here. General Pinochet is still "If the armed forces feel ag-

and after the court decision that harm." the military itself was not on Reports that some generals

were angered by the decision added to the uncertainty, and many politicians — and even the Letelier family - sought to

"I don't think this has ever been a trial of the armed forces," said one of Orlando Le-Still, the ruling's reflection on telier's sons, José, an architect General Pinochet and his times who works for the government's

politicians emphasized before there was no intention to

"We have shared a lot of bappiness today because this is one of the few deeds that has gone to judgment, and there is a lot of solidarity," he said. "The case may be emblematic in that sense, but that is from a social point of view and not a judicial point of view."

General Contreras reiterated his declaration of innocence and again promised to produce lists of people who he said

"took the country to ruin." It was unclear when he and General Espinoza would begin radios around him announced nation in Washington of a for- mous significance for Chileans. commander of the army, and grieved, it is their problem; serving their sentences.

### **Inquiry Links Only 2 to Blast**

#### But Police Back Theory of More Oklahoma City Suspects

By David Johnston New York Times Service

WASHINGTON — Six Without cooperating witweeks after the Oklahoma City nesses, the government's case bombine, federal authorities remains mainly circumstantial, lelerk in Innetion City, Kansas, that the plot involved anyone other than the two men already charged, law-enforcement offi-

Still, investigators have re-fused to abandon their theory of a larger conspiracy, driven by a belief that so enormous a crime could not have been carried out by just two people and tantalized by witnesses who report glimpses of another sus-

pect, still identified as John Doe No. 2. (A senior Justice Department official said Thursday that there might be more arrests in the case and expressed confidence that the authorities would apprehend everyone in-volved, The Associated Press

reported. [The official, Deputy Attorney General Jamie S. Gorelick, also raised the possibility that John Doe No. 2 might not have

been an active participant.
[At the end of the case, she said, the anthorities would "know who John Doe No. 2 is" and "whether he was a participant in this event."]

Law-enforcement officials hoped that they might be near a breakthrough two weeks ago, when a friend of Timothy McVeigh, one of the men already charged, began negotiations with prosecutors over the possibility of a plea agreement.

But that friend, Michael Fortier, has not reached any deal with the government, and the future of his discussions with the prosecution is uncertain, officials say. Mr. Fortier has told the au-

thorities that he accompanied Mr. McVeigh from Arizona to Oklahoma City to inspect the federal building there a few days before it was blown up April 19, and that Mr. McVeigh had earlier told him of plans to bomb an unspecified federal building. But he has denied active involvement in the plot. By the account of some news

bomb. But the anthorities have bour after the explosion had not confirmed these accounts. traces of chemicals that were

In the case of Mr. McVeigh, has identified Mr. McVeigh in a investigators have determined lineup as the man who on April

chemicals used to build the lated charges little more than an

that the clothes he was wearing 16 rented the Ryder truck in when he was arrested on unre- which the bomb went off.

#### **Away From Politics**

• The Clinton administration will transfer a long-contested tract of desert to California as a place to bury radioactive waste, despite repeated promises to environmentalists that it would not act until lawsuits were settled and hearings held. The 1,000-acre tract of federal land is in the Mojave Desert, about 20 miles from the Colorado River, which provides water to much of Southern California. (NYT) • The son of a black protest leader in Alabama was arrested in the hurning of a high

school where a white principal's comments

against mixed-race dating set off months of

racial discord. The FBI arrested Christopher

Lynn Johnson, 25, of Ashland in the Aug. 6

fire at Randolph County High School at Wedowee, U.S. Attorney Redding Pitt said. Mr. Pitt said Mr. Johnson is the son of Emmett Johnson, an outspoken critic of the school system who helped form an alternative "Freedom School" after the mixed-race dating conflict.

 Woodpeckers chipping away at the space shuttle Discovery at Cape Canaveral have pecked 71 holes into the fuel tank's insulation that could delay the launching scheduled for next week. The insulation helps prevent ice accumulation on the tank. Officials are trying to keep the birds away hy blowing air horns and placing decoy owls around the launching pad. The space center is located in a national

### JUROR: Dismissed Panel Member Opens a Window on the Simpson Trial

Continued from Page 1

have thinking people here," she says of the jurors. "They're picking up the nuances of the witnesses. The defense is doing a pretty good job. They're put-ting doubts in peoples' minds. They're putting doubt in my

Nonetheless, she says she is convinced that at least one of the black jurors remaining on the panel would not convict Mr. Simpson no matter what the evidence. But she reserves her deepest anger for the judge who

> "Judge Ito, I want to ring his bell, she says, "I want to bop him over the head. The man is wild. He's leading the trial down the road to a mistrial. My own personal opinion is I think Judge Ito is afraid of a Rodney King-type incident. He wants to clear the jury of any taint of racism. He assumed I was rac-

> A high school graduate, Ms. Florio-Bunten, 39, lives in a working-class suburb. She is a New Yorker subscriber and a book reader - someone who found Judge Ito's prohibitions on bookstores one of the toughest burdens of serving on the case. She was the only juror during jury selection who volunteered that DNA stood for deoxyribonucleic acid. While some prospective jurors were close-mouthed during jury selection, Ms. Florio-Bunten told Judge Ito she was fascinated by "the political and social aspects" of the case. On the jury. she was the one who often wrote letters to Judge Ito, stick-

ing up for the jurors' rights.
"I was a child of the '60s. For reports. Mr. Fortier also has me, democracy is not a sidelines said he knew that Terry Nichtype of thing. Then this hapols, the second man charged, ols, the second man charged, pens to me. I was furning. I was was to have a role in mixing the sitting in the jury deliberation

room, fuming, and then gig-gling to myself, the accusations were so preposterous," said Ms.

The precipitously," Mr. Bailey said. is under investigation. Not all the reasons for prior dismissals than you have been told."

The precipitously, "Mr. Bailey said. is under investigation. Not all the reasons for prior dismissals are known. Tracy Hampton. a Florio-Bunten, a voluble Italian-American nicknamed by the press corps "Touchy Feely,"

herself during jury selection. Judge Ito and District Attorney Gil Garcetti did not return jury or investigating them, since violence incident. Tracy Kenne-phone calls asking for com-they're part of the prosecution. dy, a 52-year-old Amtrak workphone calls asking for comment. F. Lee Bailey, one of Mr. and if the case is going hadly for er, was removed in March after being accused of writing a book the investigation into Ms. Florio-Bunten's conduct, but that the defense has had no problem with Judge Ito's jury inquiries to date. Defense attorneys, under the impression that she was a likely vote for conviction, had expressed eautious delight when Ms. Florio-Bunten was removed last week,

vestigations are pretty thorough dented number, jury consuland no one's getting moved out tanks say, and at least one more

the words she used to describe partment should have any role in monitoring a sequestered incentive to get the jury below 12 to get a mistrial," he said. We're very concerned that the prosecution may be aiming for

mistrial." Mr. Bailey said Mr. Simpson is the most worried and "is the former jurors. watching in abject horror to see the attrition rate."

To date, eight jurors have "Very frankly the judge's in- been dismissed - an unprece-

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But Alan Dershowitz, another member of the defense team, cused in early May due to disagreed. "The defense has stress. Judge Ito dismissed Ms. never believed the sheriff's de-partment should have any role." ment interviewer, in April for

> Michael Knox, a 46-year-old courier, was dismissed in March for failing to describe accurately a decade-old domestic-violence incident. He has the only known book contract among

failing to disclose a domestic-

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THE WORLD'S DAILY NEWSPAPER

### Report Cites Rising Rights Abuses in China

Compiled by Our Staff From Dispatches

BEIJING - Beijing's roundup of dissidents before the sixth anniversary of the Tiananmen Square crackdown marks the latest phase in China's worsening human-rights offenses, Amnesty International said in a report issued Friday.

"Even before the recent arrests of dissidents, human rights violations have been increasing as Chinese authorities seek to quash any activity perceived as a threat to the established political order," the Londonbased human rights group said.

Persecution of religious believers who refuse to join official churches, torture of anti-Chinese monks and nuns in Tibet, beavy prison terms for independent labor activists and unfair trials were some of the alleged abuses the group cited.

"The past year was generally marked by increased

**Bomb Blast** 

At Karachi

KARACHI, Pakistan - Two

car bombs exploded in Karachi

on Thursday, and a bomb scare forced the stock exchange to

interrupt trading, the police

The first bomb went off in

front of the Sind provincial as-

sembly hall. It broke windows in the colonial two-story stone

building and burled debris from

the wrecked car over a 100-me-

ter radius, witnesses said. No

A police bomb expert said that the bomb consisted of

about 1.2 kilograms (2.5

pounds) of explosive material

attached to a timer and was

Fifteen minutes later, a bomb

concealed in a car exploded

outside a naval residential apartment block in the south-

ern district of Lyari, slightly wounding two children.

Exchange said the police evacu-

ated the building 45 minutes before the normal close of trad-

ing after a bomb warning from

The Sind Province Assembly

a may in session when the

are for a meeting of the

ALL BURE WAS A STALL

overning Pakistan People's

A police officer said the car

containing the bomb had fol-

lowed a minister's car through

the gate of the compound with-

Shortly after the explosion,

rocket-propelled grenade at a

police station in District West.

police said.

an anonymous caller.

searching the premises.

Dealers at the Karachi Stock

casualties were reported.

very powerful."

Assembly

political repression," said the report, titled "Six Years After Tianaumen: Increased Political Repression and Human Rights Violations.

It identified a new Beijing policy in early 1994 that stressed the need for political stability to protect economic development as the source of the harsb action against people whose ideas differed from those of the ruling Communist Party.

Under that tougher approach, bundreds of members of religious groups and dissidents were detained, many held without charges, and some sentenced to jail terms of as long as 20 years for openly voicing their views.

Dozens have been arrested or harassed in the past

few days in Beijing's nationwide sweep of potential troublemakers before the sixth anniversary of the June 4, 1989, crackdown, it said. Troops poured into Beijing to crush student-led protests for democracy centered on Tiananmen Square.

"Those who dare to ask questions about the fate of bundreds killed during the suppression of the Tiananmen Square protests and the thousands arrested at that time have themselves been victimized," Amnesty

It called for an impartial and public inquiry into the June 4 killings, as well as the release of all those jailed for their views, and a review of cases involving political

The Chinese government said Thursday that attempts to overturn the verdict on the brutal suppression of the June 1989 pro-democracy movement were

meaningless and devoid of popular support.

The statement followed the recent circulation of a series of petitions by dissidents and intellectuals calling for a full investigation into the massacre of bundreds of students six years ago, as well as basic buman

(Reuters, AFP)



BOWS OF A BRANCH - Managers of Seoul Bank bowing to potential customers Thursday as a promotion.

### Canada Is China's New Taiwan Thorn

BEIJING - China assailed Canada on Thursday for allowing a visit by the deputy prime minister of Taiwan and warned of new reprisals against the United States unless it revoked a visa for Taiwan's presi-Bomb disposal experts were dent.

The Foreign Ministry spokesman. Chen Jian, Jenounced Ottawa's decision to perthroke a private visit as a mind at dividing China.

Beijing nee made "solemn representa-tions" and had lodged a protest against what he called a violation of the principles of bilateral relations.

"The Taiwan authorities bave spared no efforts playing tricks in the international out being stopped for security arena and aggressively pursued elastic,

which is to create two Chinas or one China and one Taiwan," Mr. Chen said.

The anger at Canada echoed the vitriol that China bas unleashed in the last two weeks against the United States for agreeing to a private visit by President Lee

Teng-bui of Taiwan,
Mr. Chen strongly rebutted Washington's assertion that Beijing had overreacted to the Clinton administration's decision

to permit Mr. Lee's visit.
"We bave already solemnly made representations and lodged a strong protest with the Canadian government over this action," Mr. Chen said, adding that Ottawa's decision violated Chinese-Canadian agreements signed when the two sides establisbed diplomatic relations.

Diplomats say China's bluster reflected

pragmatic diplomacy - the essence of acute fears that Washington's relaxation of a 16-year moratorium on such visits would and mineral reserves. set a precedent, enabling other countries to welcome Taiwan officials.

Mr. Chen did not spare the United States at the briefing, vowing new reprisals the most abusive, the most inif it failed to beed China's demand that transigent in terms of negotiat-President Lee's visit be canceled.

Washington bad gone "further and further away" on the Taiwan issue by "repeat- willing to discuss the situation, edly upgrading" ties with Taipei, Mr. Chen and instead had resorted to mil-

China bas attacked Mr. Lee's proposed visit to his alma mater, Cornell University. as a violation of Washington's vow to recognize only Beijing as China's capital and to scale down its support for Taiwan. not accept gross violations of China already has canceled or post-poned several high-level exchanges with (Reuters, AP) gether. the United States.

# Lawmaker

### 'Conflict' With China

Warns of

Compiled by Our Staff From Dispatches BANGKOK - The United States and Southeast Asian nations can expect to face an increasingly hostile, expansionist and anti-democratic China in the future unless they take action nuw, a U.S. congressman said Thursday.

Representative Dana Rohrabacher, Republican of California, said the economie progress made in Southeast Asia in the last decade was threatened by a potential future conflict with

China. "I believe great care must be taken in trying to change the direction of history in China and in its relationship with the rest of the world," be said. There will be a major conflict in the next decade unless we take action to divert it right

Mr. Rohrabacher, who is on a private Asian tour, said stronger political and military ties between the United States and members of the Association of South East Asian Nations would be beneficial to all par-

"We can be equal partners in stopping Chinese expansion-ism," be said. "A conflict with China could destroy all the pro-

gress in Southeast Asia." He said he supported a U.S. role in trying to mediate the dispute over the Spratty Islands in the South China Sea. Vietnam recently suggested that an American presence might belp solve the conflict.

Brunei, China, Malaysia, the Philippines, Taiwan and Viet-nam all have made claims of sovereignty over the islands, which are thought to have oil

"The Chinese are the farthest away from the Spratlys," Mr. Rohrabacher said, "but they are

He said the Chinese were not

itary threats.
"The Chinese regime has to know that we will not allow them to bully their neighbors," Mr. Rohrabacher said. "We will

#### BRIEFLY ASIA

#### 60 Tamil Rebels Reported Killed

COLOMBO - More than 60 Tamil rebels were killed in a major Sri Lankan Army offensive against a guerrilla jungle

base Thursday, a military spokesman said.

"There are bodies all over the place," said the spokesman.

Brigadier Sarath Munasinghe. "We've sent reinforcements and troops are on the trail of the terrorists who have withdrawn into the jungle."

He said the army lost two officers, including a battalion commander, and five soldiers during the operation at Thiriyaya, about 25 kilometers (15 miles) north of the eastern port of Trincomalce

It was the biggest army operation since the rebels broke a truce and resumed fighting in April.

(Reuters)

#### Japanese Cult Stocked Bazookas

TOKYO - The cult accused of releasing nerve gas on Tokyo's subways was trying to add several more weapons to its arsenal — bazookas, lasers and assault weapons, police and news reports said Thursday.

They said the police also found ingredients of the hallucinogenic drug LSD hidden inside a pillar m a building at the Aum Shinrikyo cult's compound near Mount Fuji, the NHK public broadcasting network said.

The police believe the cult administered LSD and other drugs to members during religious rituals, it added.

Bazooka barrels, assault-weapon parts and grenades were found at the cult's facilities, the police said. They reportedly suspect that the cult was developing a military wing to try to

overthrow the government. Arrested cult members have said the group researched laser weapons for several years and tested a prototype last fall, the newspaper Mainichi reported Thursday.

#### Pyongyang Relocating Residents?

SEOUL - North Korea has begun moving hundreds of thousands of people out of the capital, news reports said

South Korean newspapers, quoting a high-ranking govern-ment official, said the relocation program could force as many as I million Pyongyang residents to move back to the country-

Pyongyang's population has risen sharply in recent years to 3.5 million, as more North Koreans moved to the capital for better food rations and housing, according to South Korean

A South Korean official, who briefed reporters on condi-tion of anonymity, said North Korean authorities were telling people that the relocation is part of efforts to ease labor shortages in farming and industry. But politics is a bigger

motive, he was quoted as saying.

Migration from the countryside has brought more diverse voices to Pyongyang, raising fears among Communist leaders that the bastion of party loyalty might become politically unstable, be said.

#### 5 Nations Deplore Chinese Tests

GENEVA — China rebutted strong criticism Thirsday over its recent underground nuclear blast, but wowed in exercise restraint to help conclude a global test bands 1996 Japan, joined by four other nonnuclear states. Finland, New Zealand, Argentina and Belgium — deployed China's nuclear blast of May 15 and urged Beijing to refrain from further testing.

The issue came up at the start of the summer session of the United Nations-sponsored Disarmament Conference in Geneva, the world's main disarmament negotiating forum.

Wang Jun, first secretary at China's diplomatic mission in Geneva, took the floor to reply to the criticism. "The Chinese government has exercised maximum restraint with regard to nuclear tests and has limited their number," he said, "China stands for complete prohibition of nuclear weapons and favors early conclusion" of a comprehensive test ban treaty.

Mr. Wang said China hoped the treaty would be concluded

by 1996, after which time it would abide by the treaty and stop nuclear testing.

#### **VOICES** From Asia

Chen Jian, Chinese Foreign Ministry spokesman, asked about reports that China had test-fired a mobile intercontinental ballistic missile: "I am not aware of the launching of an intercontinental ballistic missile. Since this issue is nonexistent, the so-called 'China threat' is out of the question.'

Zhao Ziyang, 75, who was deposed as Chinese Communist Party chief after the army crushed the 1989 pro-democracy movement and who sources say is chafing at the tight guard around his Beijing home and limits on his movements: "It is wrong for the Communist Party to treat me like a most unstable and dangerous element. I'm still a Communist Party member and a law-abiding citizen." (Reuters)

#### wounding two policemen, the covery of the Panchen Lama's Chengdu, the capital of Sicbuan BEIJING - China on Tashilhunpo monastery, had There was no immediate Thursday angrily denied a rereincarnation — a 6-year-old boy, Gendun Choekryi Nyima port that it had arrested a Tibetbeen detained in the southwesttained there. claim of responsibility for the

Shortly after the explosion, unidentified attackers fired a China Attacks Report of Tibetan Abbot's Arrest as 'Utter Lies'

Agence France-Presse an abbot who had led the search More than 600 people bave for the reincarnation of the Panchen Lama, a mission been killed in ethnic and sectardeemed critical for the future of ian strife in Karachi so far this

Tibetan Buddhism. A spokesman for the Nation-This is linked with the terrorist activities going on in Karachi," said Nadir Ali Magsi, alities and Religious Affairs Commission in Lhasa, reached inister for local bodies.

"The explosion outside the the report by the Tibet Inforlegislature was definitely aimed mation Network in London was "utter lies." (Reuters, AP)

The agency reported

Wednesday that Chadrel Rim- tual leader to announce the dis- bis assistant were taken to a pivotal role in Tibetan affairs, poche, the senior abbot at the ern Chinese city of Chengdu,

along with his assistant. The abbot was in charge of a mission to find the reincarnation of the Pancben Lama, the most important figure in Tibetan Buddhism after the Dalai

The Chinese authorities, the report said, believed that Mr. Chadrel had been in secret contact with the Dalai Lama.

- before Beijing, whose official search party bad alighted on the same boy, the report said.

The Dalai Lama's announcement was made on May 14. Three days later, the Chinese authorities said his decision was 'illegal and invalid" because it had not been approved by Beijing. But China bas not contested the choice.

The Tibetan agency in Lon-This enabled the exiled spiri- don said that Mr. Chadrel and

Province, on May 17 and de-It also said that "most of the lamas" at Tashilunpo, about

225 kilometers (140 miles) west of Lhasa, had been called to Beijing, along with the boy. This was also denied by the Nationalities and Religious Affairs Commission.

The search for the 11th Panchen Lama not only saw the Dalai Lama and Beijing jostling for authority. It focused on a figure who traditionally played of 51.

between the authority of the Dalai Lama and the influence of China The 10th Panchen Lama was

seen by many Tibetans as an apologist for the Chinese invasion of Tibet. He refused to join the Dalai Lama and his supporters in exile in India after the failure of an anti-Chinese uprising in Lhasa in 1959. But he later became a vocal

critic of Beijing, for which he was jailed and later released. He died in January 1989 at the age

Vu Khoan, Victnam's deputy foreign minister, noting that Victnam will join the Association of Southeast Asian Nations next month: "I think the U.S. has to consider, to review the relationship with Vietnam in the new circumstances." (Reuters)

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**SUMMER IN** FRANCE

### Eyes on a Reprieve, Vietnamese Refuse Trip Home

HONG KONG - A group of Vietnamese refugees decided at the last minute not to fly bome Thursday under a United Nations plan, hoping that a bill to be debated next week by the U.S. Congress will allow them to resettle in the United States.

Ian Disley, a spokesman for the United Nations High Commissioner for Refugees, said the flight Thursday had to be canceled after most of the 230 Vietnamese said they wanted to see whether there was any hope of migrating to the United States under the new proposal.

"There are only a handful who decided to go home, and we are trying to get a commercial flight to take them," Mr. Disley said.

Next week, Congress will debate a plan, proposed by the House Committee on International Relations, calling for spending of \$30 million to help up to 20,000 more Vietnamese refugees leave camps in South-east Asia and resettle in the United States.

The UN refugee chief in Hong Kong, Jahanshah Assadi, echoing earlier Hong Kong gov-

ernment fears, said that a vol- refugees were flown Thursday could be affected by the congressional move.

In recent weeks, operations to move thousands of Vietnamese from the Whitehead detention center before their deportation have ended in violence. Hong Kong intends to clear out all 20,000 Vietnamese remaining in its detention centers by the middle of 1996.

■ East Timorese Refused A group of 18 East Timorese in West Australia.

untary repatriation flight to a detention center that their planned for next week also lawyer called "Australia's answer to oblivion" after losing a court battle to remain in Darwin, Australia, Agence France-Presse reported.

he Dug (

Make St.

Mary Harl

The 15 men, two women and a baby arrived Tuesday aboard a leaking boat. A federal count judge refused to let the group remain in Darwin, where there is a large East Timorese community, and instead endorsed their move to a detention center at an air force base near Derby.

### Beijing Subway Is Chugging Toward Overload

BEIJING — Antiquated equipment and more passengers are turning Beijing's overloaded subway system into a potential disaster area, the Guangming

Daily reported Thursday.
With breakdowns ever more frequent and a growing number of hidden haz-ards, the 42-kilometer (26-mile) two-line system was struggling to cope with yearly passenger increases of 20 percent, the

"Every day, it's as if we were all sitting on the crater of a volcano," it quoted a senior subway official as saying. The system, which carried 530 million passengers last year, is trying to cope with the hordes of riders by increasing

staffing levels and by cutting the times between trains, the newspaper said The measures would still not be enough to satisfy demand, it said.

ing population and traffic-snarled roads

Beijing already has limited the sale of new monthly passes to people who have

expired passes and has barred passengers without monthly passes from traveling at some peak times. Subway officials blame Beijing's grow-

for the sharp increase in passengers, the newspaper said. Beijing plans to build 78 kilometers of new subway lines by 2010, with financing to come from the central government, bonds, loans and foreign invest-

### 2 Muslim Extremists Escape From Jail in Manila

MANILA — Two ranking officers of a Muslim extremist

newspaper said.

group blamed for a spate of bombings and raids in the southern Philippines have escaped from a Manila jail, the police said Thursday.

bank robbers on May 18.

Khadafy Janjalani and Juvenal Bruno, leaders of the Abu land in February and brought Sayyaf fundamentalist group escaped Monday through the The escape dealt a new blow ceilings of their cells at the nato the image of the national tional police headquarters.

group's intelligence officer. killed. They were arrested on Jolo Is-

to Manila for questioning. The police blamed Abu Sayyaf guerrillas for a raid on past two years.

police force, which has been rocked by allegations that the of the group's chief, Abubakar police executed 11 suspected Janjalani. Mr. Bruno is the ly unarmed civilians, were . The group also has been

linked to bomb attacks on government facilities and the kidnapping of Christian missionaries in the southern islands in the

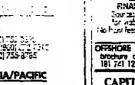


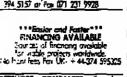












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### Agence France-Presse

#### *EUROPE*

# Nazi Fugitive Rose to Be a Pillar of German Academe

arship

By Alan Cowell New York Times Service

a Requestre killer

many — The war was ending and Berties in the Netherlands was about to be lin was in ruins when Hans-Ernst broadcast. Schneider shed the uniform of a Nazi SS officer and slipped into obscurity. abandoning his name and his history.

And there the story might have ended — another Nazi easing into the fabric of modern Germany — had it not been for the cover-up and intrigue that in April (appel or 25-ver-old that in April forced an 85-year-old pillar of German learning, Professor Hans Schwerte, to acknowledge that he was Hans-Ernst Schneider.

As Hans-Ernst Schneider, records indicate, he served on Heinrich Himm-ler's craff and on Heinrich Himm-Germanic studies had died with his SS that carried out horrific experiments on concentration camp inmates. though be denied taking part in the

In the year that marks the 50th anniversary the end of World War II, the case has stunned German intellectuals and fascinated them with its implications: Was the flight of Hans-Ernst Schneider no more than another tale of a Nazi fugitive or, as Professor Schwerte now implies, was it a parable for modern Germany, turning its back on the shames of history to build a new society?

Most unsettling to those who knew and worked with him: How wide was, or is, the web of academic and political

The masquerade ended only when he acknowledged his history in a letter to the college anthonities in the western city of Aachen after, he said, anony-The masquerade ended only when

mous phone calls and letters threat- 1983 for his services to German scholened to divulge his true identity.

ASCHAU-IM-CHIEMGAU, Ger- television investigation of his SS activi-

Since then, the story that he has told, casting himself as a victim of persecution and circumstance, and wartime records combine to weave a

chronicle that might inspire a novelist. After fleeing Berlin in civilian under Himmler, used his wartime contacts to procure documents pronouncing him to be Hans Schwerte, a simple

uniform. So, he repeated his courses at the University of Erlangen for a doctorate in Germanic studies, he said, and Hans Schwerte rose from the penurious life of a fugitive to the heights of German and Austrian academia.

In Aachen he was appointed rector at a university called the Technical High School. The German and Belgian authorities awarded him high civilian honors. The state educational authorities appointed him as their liaison with universities in Belgium and the Neth-

Of his achievements, Professor Schwerte said: "None of that was a lie. Only the name was a lie."

zle: Was the affair uncovered because of the research of an American academic in Germany who as early as 1992 sought to enlist the Nazi-hunter Simon Wiesenthal in the effort to discover whether Professor Hans Schwerte was, in reality, Hans-Ernst Schneider?

Hauptsturmführer who served in the SS fact that he could become the rector of a university is unique." Mr. Wiesenthal said in a telephone

> The fact that he could become the rector of a university is unique.'

Simon Wiesenthal

interview from Vienns that his own inquiries at Salzburg University, where Professor Schwerte became an honorary professor in 1984, ran into a stone wall of silence. Professor Schwerte acknowledges help from "friends," hut says most are now dead.

What is less certain is whether he will face any kind of formal investigation. Under the statute of limitations, Mr. Wiesenthal said, charges that He declined to be interviewed face could be brought against Professor to face, but spoke in a series of tele- Schwerte because of his membership protectors that kept his identity secret phone interviews from his home in this of the SS division called the Ahnen- cal matters, ne anded. I never went as he rose to the heights of scholarly village southeast of Munich, which has cribe have expired. The Ahnenerbe to a concentration camp. I had nothing dealt with matters ranging from the to do with it."

uniform," he said. "But I oever com-The unmasking has left another puzmined a crime in that uniform. My work was purely academic."

> Records show that he joined the SS in 1937 and became a member of the Nazi Party a year later.

Jeffrey Richards, the American academic who identified Professor Schwerte as Hans-Ernst Schneider in a After fleeing Berlin in civilian

There are many Schwertes in other letter to Mr. Wiesenthal in 1992, said fields," Mr. Wiesenthal said, "but the wartime records at the Berlin Document Center, a reference center for Nazi archives, showed that the Nazi officer had been sent on SS "special missions" to Poland, Latvia and the Netherlands before becoming editor of an SS propaganda publication in Ber-

> In the Netherlands, he served under the SS commander Hanns Albin Ranter, who was sentenced to death after the war for overseeing the deportation and killing of Dutch Jews. Hans-Ernst Schneider is listed in records as a member of Himmler's personal staff.

It was in the Netherlands that Professor Schwerte is accused of helping to procure medical equipment used for the Ahnenerbe's so-called scientific experiments in the Dachau concentration camp - microscopes, centrifuges and crucibles. The order to obtain them, he said, "probably came across my desk as an administrative matter."

"But I never took part in any medi-

In any event, the professor denies over a central office of the Ahnenerbe committing war crimes. "I wore that (meaning, literally, Ancestral Heritage) in Berlin to oversee all "scientific work" of the department, in close coordination with the office that recruited SS volunteers in German-occupied

> Wartime correspondence from January 1943 shows that a "Dr. Schneider" was entrusted with the mission of seizing medical equipment in the occupied Netherlands to be used in murderous experiments in Dachau, where hundreds died as a result of Nazi doctors' pseudo-research into the limits of abuse that the human body can tolerate.

Professor Schwerte insisted that his work in the Netherlands was academic and cultural, setting up an institute to promote German culture and revive Germanic heritage.

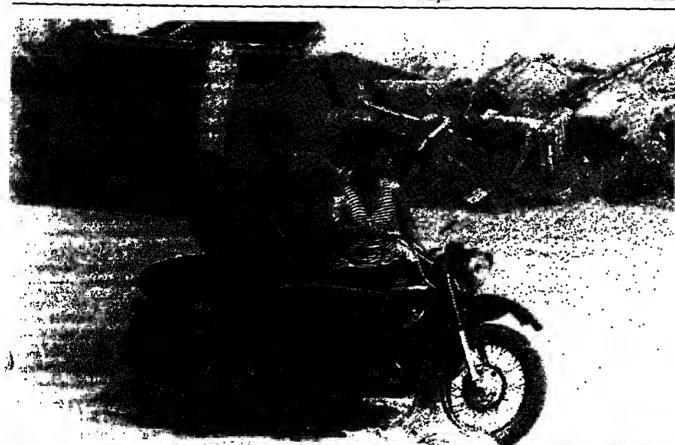
As the war drew in a close, Hans-Ernst Schneider changed not only his personal but also his political identity.

"People think I was a swindler, but that is not the case," he said, insisting that he had devoted his postwar career as a teacher to helping huild a oew Germany. "Dissuading students from nationalism was one of my many

He acquired a reputation as a leftliberal political figure.

What has emerged, in some German coverage of Professor Schwerte's saga, is a sense that when he says he turned his back oo the past and started over, cal matters," he added. "I never went he was part of the broader process that transformed Germany's self-image.

While Dutch television called his story "a German career," the magazine Der Spiegel said: "That was an understatement Schwerte-Schneider is THE führer Schneider was ordered to take German career."



A motorcycle carrying a child's coffin Thursday in Neftegorsk, where 600 workers searched for bodies in the rubble.

### 6 Are Dug Out Alive From Sakhalin Rubble

NEFTEGORSK. Russia. The grisly task of digging out the dead from the crushed buildings of this little oil town on remote Sakhalin Island, after the devastating earthquake on Sunday, goes on around the clock, broken only rarely now by the discovery of survivors.

Six survivors were found Thursday by rescue workers, including a perfectly healthy 3-month-old baby. But workers using dogs and special periscopes also pulled out 30 more

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gency situations, Sergei Shoigu,

"We will continue to look for survivors for the next five days, but then the water runs out." and most of those still alive will have died of thirst, if not from their wounds or the freezing nighttime temperatures.

Official statistics released by Russia's Ministry of Emergency Situations indicate that of Neftegorsk's population of 3,200, 875 people were untouched by the disaster. So far, I,021 indi-

Russia's minister for emer-viduals have been extracted had to be careful about such ency situations, Sergei Shoigu, from the rubble — 401 of them offers from Tokyo, Mr. Yeltsin

But the balance of tragedy is measured by the more than 1,100 people officially missing. Authorities fear the death toll will approach 2,000.

Russia's president, Boris N. Yeltsin, injected an odd note into the tragedy Wednesday when discussing offers of earth-quake aid from Japan, close to Sakhalin and the disputed Kuril Islands that Russia seized at the end of World War II. Russia

bruised but alive, and 620 dead. said, because they might carry a political price and affect any future talks over the Kurils.

> In Tokyo on Thursday, the Japanese government reacted with astomishment and annoy-

"We cannot understand how the president could have made such remarks about the sincere. cooperative efforts of a neighboring country," said the Japanese spokesman, Kozo Igarashi.

Commission, reaffirmed Thursday that he will push for an extension of the European Union's powers during oext year's review of its workings. Mr. Santer told the European Parliament's foreign policy

Santer to Push for Majority Vote BRUSSELS - Jacques Santer, president of the European

BRIEFLY EUROPE

committee that the commission wanted to move away from unanimity and toward qualified majority voting. "The executive is in favor of the expansion of qualified

majority voting." he said.

The idea of extending the number of matters that can be agreed on by qualified majority rather than unanimity is deeply unpopular with the British government, which has said it will block the idea and insist on maintaining its veto oo foreign and security policy issues.

EU Clears a Pipeline Consortium

BRUSSELS - The European Commission approved Thursday a nine-company consortium that will construct and operate a natural gas pipeline linking Britain and Belgium.

A joint venture, called Interconnector Ltd., will coordinate activities of the parmers. The British companies involved are Amerada Hess, British Petroleum, British Gas, Conoco and National Power. On the Continental side, the partners are Elf Aquitaine SA of France, Russia's RAO Gazprom, Ruhrgas of Germany and Distrigaz of Belgium.

Flemish Opposition Leader to Quit

BRUSSELS - The president of Belgium's Flemish opposition Liberal Party said in a newspaper interview published Thursday that he would resign later this year.

Guy Verhofstadt said his decision to quit followed Belgium's general election on May 21, in which his Flemish and the francophone liberal parties did not gain enough to break the majority of the center-left coalition.

#### EU to Restart Talks With Rwanda

LUXEMBOURG - The European Union will restart talks with Rwanda during the next two weeks in an effort to end its freeze on development aid to the country, according to a European Commissioo spokesman.

The EU froze more than 40 million European currency units (\$52 million) in aid to Rwanda in May, after a massacre in the Kibeho refugee camp left 2,000 people dead, according to revised United Nations estimates.

### Calendar

European Union events scheduled for Friday:

BRUSSELS: Transport Commissioner Neil Kinnock meets Ian Hamer, president of the Air Transport Users Council

BRUSSELS: Environment Commissioner Ritt Bjerregaard meets José Borrel, Spanish environment minister. MESSINA, Italy: Celebration of 40th anniversary of the Messina Conference, which launched the idea of a European Economic Community, forerunner of the EU.

LUXEMBOURG: European health ministers decide on large-scale cancer, AIDS and drug-abuse programs, as well as a resolution on the lack of blood supplies in the EU. Sources: Agence Europe, AFP.

#### In a Protest, **Dubliners Hurl** Eggs at Prince

The Associated Press

DUBLIN - Protesters hurled eggs at Prince Charles on Thursday dur-ing a walkabout in the Irish capital, missing the heir to the British throne but hitting a member of a welcom-

ing party.

The police arrested four protesters outside Dublin's

Trinity College.
Charles, the most senior member of the royal family to make an official visit to Dublin since 1911, was immediately surrounded by police and taken to a side door of the college, which he was due to visit.

The protesters, waving hlack flags and shouring anti-monarchist slogans, threw the eggs as Charles walked from a British tourist office toward Trinity College. He was surround ed by a largely welcoming crowd, shook hands, and appeared unruffled by the

One group focused on incident. the prince's rank as colo-nel-in-chief of the para-chute regiment that killed 13 Northern Ireland Catholics in Londonderry on "Bloody Sunday," Jan. 30,

### **BMW** Chief Went on a \$1 Million Roll

By Barry James

There were red faces at BMW this week after the chairman of the German automaker wrote off a million-dollar sports car in

a high-speed accident.
The chairman, Bernd Pischetsrieder, 47, was back at his desk soon after the accident, which happened last weekend on a country road 70 kilometers (about 45 miles) east of Mu-

The McLaren F1 rolled over twice on a stretch of winding. road before coming to rest in a ditch. A spokesman for Bayerische Motoren Werke AG, Uwe

for BMW's high-performance engine, Mr. Mahla said. With a top speed of 380 kilometers an hour (235 miles per hour) and an ultralight body made of carbon fiber, it is among the fastest

cars in the world. BMW's McLaren was one of only a couple of dozen built by

the British manufacturer, which is known for designing and making thoroughbred racing Mr. Mahla said the police

were investigating the accident.

The car crashed on a deserted

stretch of road, and there were

stroyed but that it was insured. has not commented on the The car is used as a test bed crash, which was reported in the German press. Mr. Mahla said Mr. Pischetsrieder was only slightly hurt and that his wife and another

Mahla, said the car was de- no witnesses, Mr. Pischetsrieder

woman passenger escaped with only light injuries. He said they were protected by the automobile's roll-bar, which is built into the roof.

The McLaren has barely enough room for the driver, who sits in the center, and a couple of passengers. Built for speed rather than comfort, it can accelerate to almost 300 kilometers an hour in less than 30

#### Berlusconi Vows to Remain in Politics

prime minister, the media mag- of his three national commernate Silvio Berlusconi, dismissed suggestions Thursday that he could quit politics 18

months after bursting onto the "I'm afraid I'm going to disappoint someone," he said at a meeting in Rome. "I'm not

leaving politics." Italian oewspapers had quoted him as saying that he into alleged corruption impli-might quit if a June II referenceating Mr. Berlusconi at the dum on television ownership went against him.

A "yes" vote in the referen-ROME - Italy's former dum could force him to sell two cial channels. Two separate referendums relate to television advertising and would affect Mr. Berlusconi's Fininvest business empire if passed.

Judicial sources said Thursday that a Milan court has decided to drop an investigation

prosecution's request, Agence France-Presse reported,

Mr. Berlusconi had been accused by an extreme leftist Italran deputy of colluding with the directors of the public television channel RAI to carve up the advertising market between RAI and the three channels controlled by Fininvest.

The Milan court's chief prosecutor, Francesco Saverio Borrelli, requested that the case he dropped because of lack of evidence, the sources said.

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### **Bosnia: A Slippery Slope**

The Clinton administration has recklessly blurred the clear and prudent line it once drew against using American ground forces in combat in Bosnia. On Wednesday, the president declared that he would respond favorably to any NA-TO request for American troops to help reposition the United Nations peacekeeping forces there. Such a mission could easily open the way to direct American involvement in the fighting, if, for example, the Bosnian Serbs chose to disrupt

the UN redeployment.
Until now, the administration had insisted that American ground troops would only be used to evacuate the peacekeepers from Bosnia or to police a negotiated peace that all sides committed themselves to observe. Those missions, though entailing risks, would be defined and limited. Plunging into a redeployment mission would be an invitation to open-ended combat in UN operations whose goals and methods seem to change almost daily. The administration deludes itself if it

believes it could execute some kind of quick in-and-out ground deployment. What if American soldiers were surrounded or held hostage, as more than 300 UN soldiers have been since last weekend? Surely they would not be abandoned to their fate to meet a predetermined

Pentagon exit schedule. It may seem unfair to resist exposing American soldiers to the risks that troops from other nations already face. But it would be even more unfair to thrust Americans into dangers that are justified

by no vital interest of the United States. Serbian atrocities against civilians are an affront to civilized values. That is wby Washington has involved itself diplomatically and through limited NATO air strikes. But two successive administrations have rightly judged that America's direct interest in the conflict is insufficient to justify sending American troops for ground combat.

Europe's interests are more directly involved. Britain and France, two of Western Europe's main military powers, are already present on the ground to Bosnia, along with Russia and more than a dozen other nations. These countries have sufficient military resources to handle the humanitarian and protective man-

date the United Nations has given them. On Wednesday, Secretary-General Boutros Boutros Ghali proposed several options for continuing the UN mission, including more muscular enforcement of UN resolutions, possibly under multina-tional command. But the United Nations is not capable of fighting a war on its own, and Washington should not be sinking rashly into a widening conflict.

The best course now is for countries that havetroops in Bosnia m reinforce their garrisons and redeploy those in the most vulnerable positions to safer ground. If it should turn out that they still face intolerable risks, the United States remains ready to assist in evacuation. There is no middle course and no other legitimate use for American combat troops.

- THE NEW YORK TIMES.

#### Too Exclusive a Club

A Down-to-Earth Defense

Of the \$9 billion in defense extras that ican president agreed that the ABM House Republicans have sent to the floor, Treaty permits a theater defense.

Not all free trade agreements are good ideas, or even practical. Now there is talk of a TAFTA - a Trans-Atlantic Free Trade Agreement joining North America and Western Europe, The Clinton administration is beginning to explore it, and there is an enthusiastic cheering section on both continents. But this is a concept with serious defects.

It made good sense for the United States and Canada to join with a smaller economy, Mexico, to create a North American Free Trade Agreement, which could strengthen the process of Mexican reform and benefit consumers in all three countries. But if all the richest countries (with the conspicuous exception of Japan) go into a tight trade alliance, it is hard to avoid the impression that its purpose is to exclude the others — above all, the rapidly rising and fiercely competitive Asians.

Both to the east and to the west, foreign governments are uneasy about the hints that the United States is losing interest in the rest of the world, and a sort of tug-of-war is developing for its attention. TAFTA is in some respects a response and draws support from people who fear that the Amerrope are cooling. It is an attempt to reaffirm open markets. the European political connection. That is

the least defensible may be the money for

systems to protect the American home-

land against missile attack. The Clinton

administration favors a local, or theater,

missile defense against the short-range

missiles that might endanger American

overseas forces or American allies. It now

falls to the House membership - and,

more practically, the Senate - to follow

the line on theater defense.

existing research programs.

the Bush administration's lead and hold

summon up the specter of homeland at-

tack from a souring Russia or a hostile

China or from a nuclear-armed rogue state. They want to move expedioously toward deployment of a full-fledged "na-

tional defense" to close off what they

believe to be a condition of American

vulnerability. Others, and we think they

are right, believe such contingencies are

remote enough to be adequately met by

The battered hut still-standing arms

control agreement known as the Anti-Ballistic Missile Treaty of 1972 is at the

center of this battle. It committed Wash-

ingion and Moscow to forgo the quest for

a strategic missile defense as a kind of

guarantee to one another that neither

would launch an attack. The ABM Treaty

left open the option of a tacocal, or the-

ater, defense. In Moscow earlier this

month, President Bill Clinton, seeking to

expand cooperation on a sensitive front.

undertonk to sharpen the somewhat fuzzy line between the permitted theater and the

proscribed strategic. For the first time, a Russian (or Soviet) leader and an Amer-

The proponents of the larger system

highly desirable -- but it has to be done in ways that do not seem to relegate other governments and regions to a lower order of importance.

As a practical matter, closer trade relations with Europe seem unlikely at present. In the recent Uruguay Round of world trade negotiations, most of the most difficult issues lay between Americans and Europeans, particularly the French and particularly over agriculture. Those were the differences that repeatedly threatened the success of the whole venture. The final compromises did not leave the impression that there was any margin left on either side for wide new agreements.

Perhaps that judgment is wrong, and the Europeans are unexpectedly ready for another long step toward freer trade. If so, the right response is not to organize a tight little club of the rich.

Instead, Americans and Europeans together ought to lead another round of world talks. Present trading patterns would not in any case be altered much by a trans-Atlantic agreement. But history might well be affected by another treaty drawing China, India and Latin America icans' relations with their old allies in Eu- more deeply into a worldwide regimen of

House Republicans were not happy.

Many believe the ABM Treaty was flawed

from the start in outlawing an unrestricted

national defense. They thought Mr. Clin-

too, rather than affirming the treaty in

A theater missile defense makes sense

for a globally minded country with far-

flung interests and allies. At this point

a national defense does not. Grant what is

far from demonstrated: that the country

could design, deploy and decide to pay for

a defense that worked. That would still

leave open whether to proceed. The very effort would signal to Russia and China that the United States now regarded them

as enemies and was presumably up to

something itself - a reversal of immense

importance. Congress shouldn't casually

allow fantasies of technological prowess

and perfect security to turn American

-THE WASHINGTON POST.

strategy upside down.

Moscow, should have renounced it.

-THE WASHINGTON POST.

### A Bosnian Solution Is in the Air

ONDON — By taking hundreds of peacekeepers hostage, using them as human shields and calling them "prisoners of war," the Bosnian Serbs have declared war on the world. Will the world fight back? Not likely, it prefers to disengage in

high dudgeon.
The British response — dispatching combat engineers with doomed mission. The French will follow, the international decision is being made to withdraw, and President Bill Clinton has agreed to some American cover.

#### By William Safire

who has the will to fight and win. No outsiders have that will. When Americans dare to suggest that Europeans collectively enforce Europe's peace, the response is: Without you? You lead, America, and we may follow,

criticizing all the way.

No one doubts that an exercise artillery — has as its purpose the of force three years ago — Eu-extrication of its forces from a ropean troops, U.S. air power, world economic pressure would have saved the day for collective defense. But that was then; appeasement failed; what now?

The Surrender Solution is the The Serbs know that the United one preferred here now, provided Nations is a sponge designed to enough fig leaves can be found. absorb humiliation. Now they are This would include angry warntesting the Western powers to see ings to terrorist hostage-takers;

lenges of potential instability in Central and

Eastern Europe.
A NATO force large enough to extract the

Army officers, I have reduced the number to

150,000 to 200,000, although my interlocutors say 100,000 would be adequate.

A ratio of two European soldiers to every American soldier would rightly let the Eu-

If the 100,000 to 150,000 range is adequate,

it might change the popular assumption that the task is beyond reasonable means.

really is at stake? Increasingly the answer is becoming the future of the Atlantic alliance.

Eventually, ways may be found to extract NATO and the UN from Bosnia and to "wall

off' that corner of Europe. In the current

course, basic strategic issues will not be re-solved, only postponed. We are not dealing with Somalia, Rwanda or Haiti in this case.

Large parts of the world must remain be-yond our military commitments. We cannot

curity Agency from 1985 to 1988 and is now

director of national security studies at the Hudson Institute. He contributed this com-

ropeans carry the larger burden.

be the world's policeman.

important of these regions.

ment to The New York Times.

connaissance.

fighting forces added, under na-tional commands, to cover a withdrawal in strength; pressure on the Bosnians to be good sports and surrender. This would avoid a bloodbath and an unwanted guilty conscience. The problem is with the victims, who prefer to fight.

The Secular Muslim Solution is quietly being bruited about. If the United Nations is paralyzed by terrorists, some suggest turning to Turkey and Pakistan to do for Bosnia's Muslims what the West has no will to do: send the 100,000 troops needed to persuade the Serbs that they could lose everything. A grateful European Union

could make such intercession worth Turkey and Pakistan's while. This romantic ootion stimulated by the picture of Prime Ministers Tansu Ciller and Benazir Bhutto visiting Sarajevo—
is admittedly farfetched.
The Fundameotalist Muslim

Solution is one that no European wants, but that Serbs invite. Iran is already smuggling arms into Bosnia, and radicalizing secular must be considered. If the alliance cannot deal effectively with Bosnia, questions will arise Bosnian Muslims. about its effectiveness in the face of the chal-

Tehran's idea is to turn the victims into villains: secure a guerrilla foothold in Europe, and -as Iran becomes ouclear with Russia's help — intimidate northward from a base of angry Bosnians. UN forces is also likely to be large enough to change the local military balance much to NATO's advantage. Once in, it could stay in, an operation that would rely on key strongholds and on mobile assault and re-

The Balance of Power Solution is "belated lift-and-strike," now made costlier by delay. It calls for

actively taking Bosnia's side. In 1993 I suggested that a NATO force of 300,000 to 400,000 was necessary for such a mission. After talks with former Yugoslav Stage one: Lift the UN arms embargo, and supply and train Bosnian troops, while removing UN peacekeepers with U.S. air support. Offer up no more hostages. Recognize that eastern enclaves will be overrun; Serbian terrorists will kill tens of thousands of innocents. If most Bosnians are prepared to pay this price for a nation of their own, it is not for the West to fail to arm them. Reasonable against what standard? What

Stage two: See what heavy bombing does to the Bosman Serbian forces, cut off from Serbia. Such suppressing fire from the air might allow the Muslim advantage in military manpower of 3 to 2 over Serbs in Bosnia to manifest itself.

This last is oot a happy or heroic solution. It will cost lives sooner rather than later.

But it levels the killing field. That bloody balancing of power is the only language terrorists un-Nonetbeless, we can secure important strategic regions — Europe, northeastern Asia — and we can maintain a balance of power in

The United States should help only in a withdrawal guaranteed to the Middle East. Bosnia lies within the most lead to lift-and-strike. Outsiders do not have the will The writer headed the U.S. National Se-

> Bosnian Muslims, Humanitarians must become air-support allies; thus the world can win the war. The New York Times.

> to win. Serbs do. So do embattled

### Send in NATO Ground Troops, 100,000 or More

WASHINGTON — The Bosnian Serbs have once again thrown the cold water of reality in our faces.

During past crises in Bosnia, the United States, Britain and France have unsuccessfully tried to make the realities go away with one diplomatic ruse or another. But this time, with the Serbs holding UN peacekeeping

A large deployment of NATO troops would permit effective diplomacy to begin.

troops as hostages and threatening their lives, the West is entangled in Bosnia in a way it has not been before. Yet we are being offered another half-measure: the Atlantic allies' decision to send in 5,000 British troops, French reinforcements and 2,000 U.S. Marines.

It has long been clear that the only way to deal effectively with the war in Bosnia is through a major change in the balance of military forces on the ground. That means a large deployment of NATO troops committed to an indefinite stay. This would permit effective diplomacy to begin.

The allies cannot hide behind the United Nations. NATO is the only multinational institution with a real potential for action.

A fundamental problem has been the difference in U.S. and European approaches to the war in Bosnia; a course of marginal military deployment does not remove it.

American officials' faith in the efficacy of air strikes helped create today's crisis, as the French and British warned that it would. And lifting the arms embargo against the Bosnian government, another favorite U.S. option. makes no sense until UN troops are withdrawn. The European approach has been to try to sell out the Bosnian Muslims, but the Bosnian government, stronger militarily than it was a

By William E. Odom

year ago, will not lie down and die. The result

has merely been to make the UN peacekeeping force a hostage, and not just to the Serbs.

Presumably the differences between the Americans and the Europeans could be resolved if a large NATO military force moved in to protect a UN withdrawal. President Bill Clinton has now agreed in principle to permit U.S. forces to join such an operation.

A well-armed operation of this kind might

cow all local forces and permit an easy exodus for the peacekeeping troops — but it might not, and NATO forces would then be deeply involved on the ground in "peacemaking."
Today's crisis demands a return to basics.

First, there has been no peace to keep in Bosnia. In fact, their deployment was an imprudent step. The haphazard U.S.-European rescue effort will not change this.

Second, there is nothing to negotiate at this point. The Bosnian Serbs see no reason to accept compromises. For the Bosnian government, compromise is suicidal - and it has the military power to stay alive. If Bosnia did capitulate, Serbia and Croatia would still have unresolved differences, and conflict almost certainly awaits us in Macedonia and Kosovo.

Third, creating conditions favorable to negotiations requires serious changes in the balance of military forces on the ground. NATO will have as much say in talks as it has military

Fourth, the half-solution of air strikes did not chieve a change in the local military balance. Why anyone ever thought otherwise is unclear, given the lessons of World War II.

Stripped of the illusions of cozy half-truths, the crisis today presents NATO with a chal-lenge that is likely to define its future, either as a vital, effective security structure for Europe or an empty shell. Sleight-of-hand diplomacy will ensure the latter.

Although public-opinion polls suggest that military operatino large enough to make diplomacy effective is out of the question, it

LYONG KONG — Confusion. Lacolor and corruption filled the headlines about the recent Philippine congressional elections. But the results, at the bot-tom line, were a victory for common sense, and the future.

The outcome is clearly an endorsement of President Fidel Ramos. Now halfway through a six-year term, he presented the polls as a referendum on his govemment's performance. Candidates backed by his coalition won 9 of the 12 seats up for election in the all-important 24-seat Senate, clusions can be drawn from it. and most of those in the House. But parties are weak institutions in the Philippines; so individual personalities matter. Thanks to an antiquated count-

ing process, results are still not entirely clear more than a week after the election, and fraud allegations are being bandied about. However, the overall outcome is generally viewed as fair. A num-ber of mostly encouraging conFirst is the abysmal performance of several old-line politi-cians. These include three incumbent senators: Juan Ponce Enrile. Ferdinand Marcos's defense minister; Arturo Tolentino, an oldguard politician who had maintained popularity despite supporting Mr. Marcos; and Ramon Mitra, long a leading light of the Liberal Party and a presidential

candidate in 1992.

A Victory in the Philippines for Reform and Common Sense

instant solutions to the nation's problems — notably Gregorio
"Gringo" Honasan, the former
colonel who led the attempted
1989 coup against President
Aquino, and Ferdinand "Bong-Bong" Marcos, the 37-year-old son of the former dictator. Mr. Honasan will probably squeeze into the Senate in 11th or 12th place, and the young Marcos still has a remote chance, but con-

of the candidates associated with

sidering their name recognition, their poll performances were considered less than impressive. Names are important in polritics, certainly so in the Philippines. First, third and eighth in the Senate poll rankings are offspring of well-regarded former presidents, Gloria Macapagal-Arroyo, Ramon Magsaysay Jr. and Sergio Osmena. All are viewed as competent and energyptic

petent and energetic. Other big winners include two vigorous members of Mr. Ramos's administration: Juan Flavier, the former health minister, who took on the Roman Catholic Church on the issue of contraception, and Franklin Drilon, who as justice secretary showed determination to clean up

the justice system. Mr. Ramos will not have an easy ride in a Senate still dominated by his allies-of-convenience. But there is, in the new

Second is the poor performance Senate, a general consensus of support for the liberalizing economic policies of Mr. Ramos.

In a few years, politicking will start for the 1998 elections. With Mr. Ramos unable to run again, the race will be fierce.

But the recent elections have produced a younger set of potential leaders, better known, like the unflamboyant Mr. Ramos, for getting results than for rhetoric. International Herald Tribune.

#### Correction

Because of technical problems, a passage from an article on this page Thursday by David K.P. Li was omitted The passage should have read

as follows: \*Chinese leaders started their economic reform program more than 15 years ago and remain committed to it. They are managing the transition to a market economy step by step, unlike Russia, which opted for the Big Bang approach. India began its econom ic reforms with a whimper when the government faced a balance- () of-payments crisis in 1991. The country was forced in swallow bitter medicine prescribed by the International Monetary Fund. As a result, the process of reform has

Other Comment Chained by the Blackmailers

Maybe the terrorized faces of those defenseless youths in blue berets, handcuffed to the potential targets of NATO bombers, are not so important. After all, Serbian hlackmail has chained far more important individuals: Bill Clinton, Jacques Chirac, John Major, the United Nations, the whole international community. Today, all stand naked.

- Corriere della Sera (Milani



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#### By David S. Broder

WASHINGTON — For months now, speculation about third-party presidential candidates in 1996 has focused on two names: Ross Perot, the Dallas businessman who received 19 percent of the votes in his 1992 White House bid, and Colin Powell, the retired general whose approval ratings make ordinary politicians en-vious. You can add a third name to the list: Lowell Weicker, who retired in January after serving four years as the independent

governor of Connecticut. Mr. Powell and Mr. Perot have done nothing to discour-age their backers' dreams, but neither has made a move toward running. Mr. Weicker, by contrast, has begun to advertise his availability and interest.

Even after serving a quarter-century in public life, most of it as a Republican, Mr. Weicker is not a national figure like Mr. Powell or Mr. Perot. But he is a tough, experienced political battler who has the potential to reshape the 1996 race - if be can find a financial and organizational springboard.

His longtime political man-ager, Tom D'Amore, thinks both the money and the machinery will be there when Mr. Weicker gives the word. This week, Mr. Weicker pub-

lished an autobiography called "Maverick," written with a former Washington Post editor. Barry Sussman. In its final chapter he says that his 1990 victory over the major party nominees in Connecticut supports the view that "a strong, well-known, well-financed independent now more than ever has the potential to win it all."

A Third Third-Party Candidate?

Recent opinion polls confirm what Mr. Perot demonstrated in 1992: Millions of Americans disillusioned with the old paroes are more than ready m coosider qualified independents for high office. Mr. Weicker is one of three independents elected as governor in the 1990s. In an interview, he made it crystal clear that his voluntary

retirement after a single, tumultuous term in Hartford did not signal the end of his political career. Now splitting his time between the chairmanship of the international Special Olympics and his job with a health care consortium in Virginia, Mr. Weicker says that he will decide by the end of this year whether to take the presidential plunge: "If I feel I can contribute to the national de-bate, I'll do it."

Although not well-known outside New England and New York, Mr. Weicker has rolled up an impressive record. A former state legislator and first selectman (mayor) of Greenwich, he served one term in the House and then was in the Senate from 1970 until 1988, when he was upset in his hid for a fourth term by a Democrat, Joe Lieberman.

Mr. Weicker is a throwback to a nearly vanished breed of liberal Republican. In the Senate, he was a strong voice for civil rights, medical research and programs to aid people with disabilities. He was a thorn in the side of the Nixon White House during the Senate Watergate hearings and carried on a longrunning feud with his Greenwich neighbor, George Bush. Grow-

ing conservative anger at his stands — fueled by his overbearing personality — contribut-ed to his loss in 1988 and made it prudent for him to form his own Connecticut Party as a vehicle for his gubernatorial bid.

Like Ross Perot, he is fixated on eliminating the deficit, and he shares the Paul Tsongas-Warren Rudman conviction that the way to do it is to shelve all talk of tax cuts and get busy whittling away at entitlements for the wealthy and the comfortable middle class.

He is fiercely opposed to "unkering" with the U.S. Constitution, whether it be for school prayer, banning abortion or setting term limits. In his term as governor, he pushed through the state's first income tax, cut business taxes and browbeat the legislature into passing one of the toughest gun-cootrol laws anywhere. In many respects, his views

echo those of John B. Anderson, the 1980 independent can-didate, another Republican who fell out of sympathy with an increasingly conservative par-ty. But Mr. Weicker is far more accustomed to the pressures of big-time politics than Mr. Anderson was and is 10 times as belligerent. In debates, he has sometimes battered opponents

into near helplessness. If the Republican primaries pull Bob Dole and Pete Wilson to the right, or yield the nomination to any of their more conservative rivals, Mr. Weicker is the kind of independent who could cause the Republicans trouble, and ease Bill Clinton's path to re-election.

The Washington Post.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

SHANGHAI — The conspiracy in Corean official circles in favor of securing a preponderance of Russian influence promises to be ion, they believed in taking the fruitful of serious complications in the near future. The Corean Prince Min Yonyk, who has been in Shanghai for a long time, is intriguing with a Russian agent from Hong Kong, Russia, it is now reported, is insisting on a total withdrawal on the part of Japan from Corea.

1895: Tensions in East

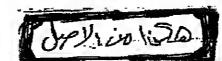
1920: 'Adieu.' Curfew

stituted an A where the P had clouds in flames."

been. The folks who pay their rent in the capital couldn't see any reasons for getting wild over the fact that their normal life had been restored to them. In French fashnormal normally.

#### 1945: Osaka in Flames GUAM - Osaka, Japan's greatest industrial center, was turned

into a flaming inferno today [June 1] by 3,200 tons of fire bombs dropped during a two-hour raid by 600 Super-Fortresses and escorting Mustang fighter planes. About 450 B29s and 150 Mustangs flew PARIS - Paris, gently but firmly. over Osaka at medium altitude at slid off the war wagon last night 9:45 a.m., Tokio time. Hundreds [June 1]. In other words, the war of thousands of the new fire restrictions on cafés, restaurants bombs packed with jellied gaso-( and places of amusement were line were dropped into the city's lifted by an ordinance of the Pre-fect of Police — following the factories. Pilots returning from recent Ministerial decree - and the raid on the city, known as closing-time instead of being 10 Japan's Detroit, described the rep.m., dropped the zero and subsultant fires as "melting the



OPINION/LETTERS

# is in the Air

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PEAN!

# Who Would Vote Against A Dream?

By Eugene R. Fidell

WASHINGTON - When the Supreme Court overturned the Gun-Free School Zones Act of 1990, the ban on guns within 1,000 feet of a school, it said that Congress had exceeded the congress that had exceeded the government's power over interstate commerce. But there was a better, nonlegal reason for sinking the statute: its

name. The act is one of many laws with names so manipulative that only a brave legislator would dare vote against them. In the case of the Gun-Free

School Zones Act, would urban lawmakers want critics to charge they favored guns in playgrounds?
This trend is not limited to leg-

islation favored by liberals. The Republicans' Contract With America promises the American Dream Restoration Act, the Common Sense Legal Reforms Act and the Job Creation and Wage Enhancement Act.

Who could vote against restoring the American dream, common sense At the other end of the political spectrum, what about the Civil . Rights Restoration Act of 1992,

decisions that had narrowed antidiscrimination provisions? The need for that law aside, its title implied that the 14th Amend-

which overturned Supreme Court

ment had been wiped off the books. Congress has long passed laws with loaded names. Take the National Industrial Recovery Act of 1933 and the Racketeer Influenced and Corrupt Organizations Act of

My current favorite is the Healthy Meals for Healthy Americans Act of 1994. Its supporters could claim that

would it have called the Judiciary Act of 1789, which established the federal courts, and the Securities Act of 1933, which requires disclosure of information needed for

The old names were a little bormember of Coogress should vote. How about a moratorium on

words such as Improvement, Re-

form and Restoration in any act of Congress? The Clinton administration is preparing legislation to cor-rect the deficiency that led the Supreme Court to overturn the ban on guns near schools. Whatever the content. let's hope the new hill will have a less operatic title.

### Doubters in a 'Cordon of Steel'

MELBOURNE — By the beginning of June 1945, the Japanese defenses on Okinawa had been broken. A tattered American flag flew over Shuri Castle at the southern eod of the island, where the Japanese had concentrated for

their planned last-disch stand. Thousands of Japanese bodies lay in the ruins. Many had committed suicide, disemboweling themselves with hand grenades. In the caves and tunnels of the fortress, the dead piled up. But,

1945 PACIFIC 1995

as American soldiers noted with overwhelming relief, others had begun to surrender in unprecedented numbers.

Before the campaign ended in late June, some 7,000 Japanese troops had given themselves up. This dichotomy on the battlefield - between suicide and surrender -- was reflected at home in Japan, where conditions had become unbearable. Firebombing by U.S. B-29s had reduced Tokyo and most other cities of significance to rubble. Along the eastern seaboard, the heartland of the country's industry and its economy, almost everything had been flattened.

Yet the militarists in Japan were determined not to give up. Aircraft had to be manufactured by cottage industries and held in readiness for the last great battle of the war, when the Americans invaded. Someone drew a large Stars and Stripes on a corner of the Ginza in Tokyo and By Denis Warner

passersby were invited to stomp on it. If need be, a hundred million people were to be armed with spears to form what Radio Tokyo in a domestic broadcast called "a cordon of

The B-52s now dropped not only bombs that destroyed cities, towns and villages but also leaflets to tell which places were next on the list.

No one was supposed to pick them up, but they came so thick and fast that it was impossible for the authorities to prevent them being taken back to homes and shelters to be read at night by candlelight or by shaded lamps in the blackout.

On one side of the leaflets was a colored picture of a B-29 dropping firebombs, with circles to show the cities to be attacked. On the other side was a warning: "You are not the enemy of America. Our enemy is the Japanese militarists who dragged you into this war. We believe that peace will make you free from the oppression of the militarists, and a better Japan will be born anew ... However, bombs have no eyes, and there is no knowing where they may fall. As you know, America, which stands for humanity, does not wish to injure innocent people, so you had better evacuate

these cities. The predictable impact of this sort of propaganda on popular morale caused dismay among the militarists. To strengthen the pro-war group, Vice Admiral Takajiro On-

ishi, the father of the kamikaze corps and the most resolute of all senior Japanese warriors, was appointed vice chief of the Naval General

Admiral Onishi wanted the whole nation to follow the kamikaze way and become in-volved in suicide attacks. "Death is not the objective," he said. To kill as many of the enemy as possible is the best way of guarding the Imperial land."

Yet, as Admiral Onishi and other last-ditch defenders prepared to make their stand — if need be by sacrificing the lives of tens of millions of Japanese — the peace movement was gradually gaining momentum.

It was a dangerous cause. Even to be in favor of peace was to risk detention. Shigeru Yoshida, the prewar Japanese ambassador to Britain. had incurred the wrath of the military when he proposed that Japan should seek peace after the fall of Singapore in February 1942, when it could negotiate from a position of strength. The secret police raided his home early in 1945, found what they declared to be incriminating documents and imprisoned him.

In Switzerland, a group of expa-triate Japanese made contact with John Foster Dulles, then working for the OSS, the forerunner of the U.S. Central Intelligence Agency. Because of resistance from the Japanese Navy, the contact came to

Other Japanese thought that an approach through Moscow might bring the war to an honorable end. Stalin did not respond.

The first real peace initiative came from Mamoru Shigemitsu, the foreign minister, before he lost office in a change of government during the Okinawa campaign. In addresses to Japan's elder statesmen and the Privy Council, he explained the international situation at length and left no doubt what might happen to the country if war continued.

Bitterly disappointed by the hawkish response from some of those he had hoped to influence, Mr. Shigemitsu turned to the Swedish envoy in Japan to determine what peace terms Washington and London might have in mind. There was still far to go and much pain for the Japanese to endure, but Mr. Shigemitsu had started a process that was to lead to the end of the war.

The writer, who cavered the war in the Pacific far Australian ond British newspapers, contributed this comment to the International Herald Tribune.

# A PARTICIPATION ISN'T THAT CUTE? NOW THAT THE SUPREME COURT HAS RIFED AGAINST GUN-FREE SCHOOL ZONES, THE KIRS ARE COMING TO CLASS IN LITTLE MILITIA GROUPS!

foes were pro-heart attack. If Congress had gone for panache when it named old standbys, what informed investment?

ing, but they got the job done. They did not lend themselves to not-sosubliminal suggestions about how a

How about the Gun Act? The writer, o lawyer in Wash-

ington, contributed this comment to The New York Times.

#### LETTERS TO THE EDITOR

#### Trade Complaints

About a year ago, you published a letter of mine concerning Karel van Wolferen's pessimism toward the World Trade Organization. Mr. van Wolferen ("The World Trade Organization is Unlikely to Work."
Opinion June 27, 1994) maintained that the primary issue that has undermined the global trade regime was "the incompatibility of institutions that characterize the economies of main participants," and that the WTO would not be able to cope with this. I tried to refute his contention ("Japan and World Trade," Letters, July 13, 1994).

Now, following the failure of the Japan-U.S. auto talks, the United States seems to have decided to

Japanese economy - presumably excessive regulation and collusion among private companies - in the WTO by bringing its own complaint there. Roy Denman wants Europe to join this action ("Address Jopan at the WTO, Tagether" (Opinion, May 19). Japan would not mind that at all, because we are convinced that an objective solution will be found within the multilateral framework based on international rules - particularly when third countries participate.

However, there is one point that worties me about Sir Roy's opinion. That is his reference to the 1982 GATT complaint filed by the European Commission. He seems to suggest that had the United States supported the EC action then, the address what Mr. van Wolferen European view could have pre-calls "incompatibility" of the vailed in the GATT. I doubt if that

would have been the case, I checked the conteots of the EC complaint in 1982, and found that the commission asked Japan, among other things, to "adopt a general policy objective of increasing the volume of its imports, and in particular, of manufactured goods." In my view, that is a European version of the Clinton administration's 'resultoriented" approach and the request for numerical targets or objective criteria, which run counter to the fundamental principle of the GATT/WTO roles. Did the GATT contracting parties accept such a request in 1982? Of course not. The EC was not able to pursue its complaint in the GATT process to the end. No panel was established, and no rulings or recommendations were made. The U.S. refusal to sup-

port the EC was a right decision, at

Perera's story is often a dark one of exile, dislocation, even

madness. His great-grandfather

the end of his life prohibiting

the Holy Land. That man's sons

with mixed success amid con-

stant turmoil, to make their for-

Perera's mystical view, suffer-

a botched circumcision per-

formed on the son by a doctor.

then ordered when Perera was 5,

a "second mutilation," he says.

era line, and paid the penalty

ther." Perera writes.

A religious circumcision was

least with regard to import targets.
If the United States reverses its 1982 position and brings a similar request in the coming WTO consultation, Japan would strongly op-pose that. And even in the unlikely event of European support for such a request, the majority of the WTO members would most probably object to it. Setting up a numerical target for imports is nothing but an attempt to manage trade through government intervention. The GATT/WTO aims at securing exactly the opposite - free flow of trade in goods and services on a global basis. Japan would welcome the U.S. challenge in the WTO concerning the auto issue, but the United States should not repeat the EC's mistake of 13 years ago.

ICHIRO ARAKI. Tokyo.

The writer is deputy director of the Trade Policy Plonning Office in Japan's Ministry of International Trade ond Industry.

#### Elections on the Web

Regording "Trocking French Voters in an Imperfect Franglois" (Cyberspace, April 24) by Borry

I read with interest Mr. James's article concerning the coverage on the World Wide Web of the French presidential elections by two French media organizations. As director of the France 3 service in question. allow me to make a few points.

To put France 3-TV TEL 3 and

Radio France Internationale in the same boat made no sense. They have little in common. It is true that the instead of "to" on the introductory page was a glaring error, explained by the fact that the page was copy-edited by a French person. But the entire English-language section of the Web was written and reread by American journalists.

The article calls the contents of the service inconsistent, yet it oot only presented the platforms of the candidates but also offered a pointby-point comparison of platforms; a precise chapter on the powers and functions of the presidency; and a full campaign rundown. The arricle criticizes the graphics, yet they were identical to those used to present the results on France 3 television.

Among the 170,000 "hits" we registered that day, many users sent messages of congratulations and encouragement.

SERGE BLIN. Paris.

### **BOOKS**

#### LAST DANCE AT THE HOTEL KEMPINSKI Creating a Life in the Shadow of History

By Robin Hirsch. 300 pages. \$24.95. University Press of New England.

Reviewed by Richard Bernstein

THE Jews are a scattered people. That everybody knows. But just how flung out across the continents they have been becomes strikingly clear in Pear Tree" tells the history of conspicuous common element the geographical sweep of these two family memoirs, both writ- Jews very loosely, joined by a ten by adoptive Americans common surname, dem striving to stitch together an even broader reach. wholeness in the face of frag-

lived in five countries. His farefugee in Shanghai. His Berlintors had gone from the Greek city of Salonika via Italy and,

WHAT THEY'RE READING Thomas Wallace, New York literary agent, is reading "No Ordinary Time: Fronklinklin and Eleanor Roosevelt," by Doris Kearns Goodwin.

"Of all the books about the Roosevelts, none captures with such clarity as this does their personal and political involve-ment with themselves and the American people during the Depression and World War IL" (Lawrence Malkin, IHT)

many generations of Sephardic to these two books. common surname, demonstrates

Both of Perera's grandfathers were religious emissaries Jerusalem, issued a testament at In 1988, the family of Robin to central Asia. Perera, who Hirsch, author of "Last Dance at now teaches journalism at the his descendants from leaving the Hotel Kempinski," consist- University of California at ed of only eight people, but they Berkeley, was born in lived in five countries. His father's cousin, now of New York immigrated to Central America City, spent World War II as a from Israel, where their ances-

his uncle in Amsterdam, his cousins in Israel and Argentina.

The larger brood of Victor Perera, whose "Cross and the larger brood of Victor Perera brood of Victor Perera brood of Victor Perera brood of Victor Perera brood of

ferent branch of modern Jewish history, one more recognizable to Ashkenazic American Jews. His parents met at a dance at the Kempinski Hotel in 1935 and fled Nazi Germany soon afterward to create a new life in Eng-

Hirsch, the founder of an experimental theater company in New York and the owner of a Greenwich Village café, has written a charming, sometimes

very funny personal story. He makes his way from school in England to hitchhiking trips in Europe to a Fulbright scholarship in the United States and a voyage through American life full of the earnest Yitzhak Moshe Perera, of spiritual searches in the '60s.

What makes his life story worth a whole book is the way he presents his own share of Jewish and grandsons flouted the prodislocation as he strove to hibition, the grandsons striving, scramble free of the shadows cast by his parents' tragedy. The wounds inflicted on the father tune in Central America and, in leave their scars on the son.

Hirsch the younger marries a ing "the patriarch's curse."
His own father whose father Jewish woman from West Virginia and his uncle, standing in before him was the Sephardic rabbi of Hebron, was caught between religious attachment for the father, who refused to be present, makes a wedding toast and the yearnings of modern that distills everyday wisdom secularism. That, in turn, led to out of the Jewish tragedy.

"It is not always happy which counts. Unhappy counts, too," says Uncle Georg. When a father does oot appear, when a loved one dies, that he came to interpret as an act of reckless expiation by his father, a symbolic castration, a when, God forbid, there is a war, like the war, Robin, in wish to extinguish a line af-flicted by ancestral sin. "By rewhich you were born, in which your grandmothers both died, maining childless, I have inter-nalized my father's unar-ticulated desires to end the Perthen you must be together, then yo must be strong, then it is when love counts.

exacted by my great-grandfa-Richard Bernstein is on the Hirsch represents a very dif- staff of The New York Times.

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THE WORLD'S DAILY NEWSPAPER

#### BRIDGE

By Alan Truscott

NICK NICKELL, the co-chairman of the Cavendish Invitational Pairs tournament, has had a series of major national victories in the last three years. He had a sad story to tell on the diagramed deal, on which he reached, as South, the normal four-spade contract. His partner's four-heart bid was a would have been endplayed splinter, showing a spade fit with heart shortage, and he promptly declined the slam

lt seems that South is due to lose two club tricks, one dia mond trick and no more. But suggestion. West had an effective lead of two. When East won the second trick with the king and led a third round, Nickell had a problem.

It was quite likely that West had no more clubs, and if he was permitted to ruff, the contract would hinge on the diamond finesse. To guard against this, South ruffed with the spade ace. He regretted this when West followed suit in clubs, but was still confident. The confidence diminished when one trump lead revealed that East now held

a trump trick. Nickell cashed the remaining

top spade and three heart win ners. Then he led a spade, forcing East to give a ruff and sluff or play a diamond. He duly played a diamond, but the fi nesse failed and Nickell was down one in a contract that was easily made at other tables. His play was due to fail only if East lacked the diamond king and had all three missing trumps. If West had had all the trumps, he without escape.

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### Life Along the Mekong River, Where the Past Meets the Future in Laos

I B I S B B

By Sherry Buchanan

wide river, with its distinct muddy chocolary-brown color, is low, exposing the twisted roots of gigannic trees. We are heading up river to the Pak Ou limestone caves, where the clear, bluegreen Nam Ou meets the murky waters of

Laooan kings and their court, which blends an Eastern splendor of golden, black and red lacquer temples glistening in the early morning light with the laid-back charm of villages in the south of France. Satellite dishes here and there, beaming in the 10 channels from around the region, alternate with Onion-shaped snipas, reminders that change is oo its way.

In the quiet streets, rice cakes dry in the sun next to dried sausages and stalls selling freshly baked baguettes. It's 9 A.M. and already hot. The Buddhist monks in saffron robes bave returned to the mooasteries after an early morning round of begging for their daily rice bowl, the children, girls in their royal-blue sarong uniforms, are in school by 7:30, an older resident reads the paper

under a trellis overlooking the river. On the way to the boat, I stumble through

Wat Xieng Tong (Golden City Temple). The 8-meter-wide (26-foot) snakelike stairway the dry season and the majestic that slithers down the high banks, guarded hy gentle while ogers that look more like giant pussycats, substitutes for piers for the busy boat traffic along the Mekong.

I step onto the narrow boat floating on the liquid brown!" Nice river once you get over the color," comments one jaded visitor). which conjures up apocalyptic Hollywood The caves are about an hour and a half images and 1970s television newsreels of from Luang Prabang, the former seat of the U.S. military helicopters hovering over the same muddy water, in the Mekong Delta in Vietnam, hundreds of miles downstream. A flashback that only lasts a split second. A Thai-built 5-meter speedboat (heua woi), with an outboard engine, going full blast, carrying six passengers, wearing crash helmets and with knees pulled up under their chins, zooms by replacing images of war with those of the Southeast Asia of today.

For a little longer, the Mekong will re-main Laos's lifeline as a thoroughfare for people and trade stretching uninterrupted by dams for 4.340 kilometers (2.700 miles) from Qinghai Province in China to the Mekong Delta and Ho Chi Minh City in Vietnam, source of water, power and evening baths.

As our wooden boat proceeds up river. trucks along the once virgin right bank are carrying building materials for a new road a fairy tale of gold-leaf carvings, red lac- to the Chinese southern province of Yun-

forests alternate with flame trees and white. red and yellow banners waving from barnboo poles, reminiscent of medieval heraldic flags, left over from celebrations for the Buddhist new year. A former royal residence belonging to the last king (crown prince). Savang Vanthana, stands derelict. There are many tales about the fate of the members of the royal family, who disappeared after the Communist revolution in 1975: Some say they are still alive in a reeducation camp, although most United Nations reports agree that the camps shut down in the late 80s; others say they perished in the limestone caves of Sam Neua, in northeastern Laos, where they were being held by Pathet Lao officers who fought a war of Americans and the monarchists. Others say they died of malaria in their garden in Luang Prabang, as there was oo medicine available, certainly a plausible version since the Lao Revolutionary Museum in Vientiane proudly displays quinine tablets as part of the benefits of the 1975 revolution.

The boat pulls up along the muddy banks of Ban Xang Hai, a rice-wine-making village with a small temple and two-story teak houses, which at a cost of \$9,000 each are testimony that wine-making is good busi-ness. Rice soaked in the Mekong fermeots in jars, the river water no doubt giving it

quered wood and blue, greeo and pink nan; when it's finished it will be one of the sparkling mosaics — it's the royal temple few paved roads in Laos.

Wat Xieng Tong (Golden City Temple). The Past the new road to China, bamboo.

Past the new road to China, bamboo. Past the new road to China, bamhoo brests alternate with flame trees and white, much as rice farmers from Kamu and clusters of tall (12-foot) bamboo sway in the sand banks and the ducing brick and mortar where only wood ducing brick and mortar where we wanted to be a state of the brick and mortar where only wood ducing brick and mortar where we wanted to be a stat back country's arid hills where the fields at an eerie sound. But the boar heads back this time of year, just after the harvest, are under thunder and lightning to the recently still smoldering from the slash-and-burn restored Wat Long Khoun, a temple dating clearing that creates cataclysmic moon-scapes. The wine makers are Buddhists and have a small temple, and two elderly monks sitting peacefully as you expect monks to sit explain they are waiting for three new recruits, young boys who are

> S we approach the limestone place on the world heritage list. cliffs, the swift muddy waters give way to calm natural rock pools, a favorite spot for fishindependence against the French, the ermen, Hazy mountains rise on the borizon, white and black buffalo with their young graze on the river banks, time off before they go back to plow the fields for the next barvest. The Pak Ou caves shelter thousands of ancient and new Buddhas of all sizes left by pilgrims. In the main cave, tall, slim hiek fone gentle wooden Buddhas stand elegantly with long curved arms and fingers. Found mainly in Laos, these Buddhas are 'calling for rain,' a reminder that the French administrator officially referred Laos has little man-made irrigation and hill to in Laos as "the master architect of the farmers depend on rain for their liveli-

> > We burn joss sticks for the Buddhas and

Hmong thatched villages high up in the the strong wind like supple reeds making from the 10th century where Luang Prabang kings spent three days before as-cending the throne. On the bridge, is a small Condé Nast plaque, a reminder that the world has discovered Luang Prabang and that its long isolation, for better or for worse, is coming to an end. Luang Prabang is waiting to hear from Unesco about its

> As we arrive back in town, young monks, armed with detergent, are taking their evening bath in the Mekong and doing manager of the hotel, who is married to a their laundry simultaneously, holding their relative of the royal family, has put on a saffron robes like sails in the breeze to dry and then draping them back on. As the chocolate-milk color turns to silvery gold and the cicadas from the flame trees and frangipani on the Phou Si, the sacred hill, burst into an anguished chant I head back toward the Villa de la Princesse, recently renamed Villa Sand, along the main drag, once known as the Avenue Auguste Pavie, the French administrator officially referred occupation of Laos." The city hasn't changed much since 1909, when the French

was used except for its splendid temples.
"A French architect en plein délire." comments Jean-François Marchal, a young French architect based in Vientiane, who, with his partner François Greck, spent a month in Luang Prabang tracing each structure's history for Unesco. By the 1920s. local aristocratic families started copying French architecture while retaining Asian details, lotus leaves, nagas (the serpent protector of Southeast Asia) and teak floors.

The Villa Santi, is one of them. Built in 1929, it was confiscated by the government after 1975 and returned to the family in 1991 and is now a small hotel. The owner and show of Royal Court dances but only one of the musicians is old enough to have been at the court. We adjourn to the house's verandah, overlooking the main street to solve the world's problems over a few carafes of wine as Chopin gives way to Julio Iglesias. How sweet life seems in Luang Prabang.

Suddenly the lights go out, plunging the town in darkness. The power failure is a stark reminder that the Mekong will not remain untouched much longer.

Sherry Buchanan is a journalist based in

#### HOFIE GEIDE

Historias del Kronen Directed by Montxo Armendáriz. Spain.

Montxo Armendáriz directs only his fourth film since 1984. Like the others, it deals with real-life social ills, here the problem of young adults from good Madrid families locked in an endless cycle of booze. drugs, sex and rock music. The scenes at the Kronen bar are repeated night after night, with imperceptible variations that lead gradually to increased tension as the anti-hero, Carlos (Juan Diego Botto), becomes ever more disconnected from frieods and bedevils his parents, who nonetheless keep financ-

viewers with this repositive style [ free spirit will anest to that alone. [ become the user-friendly ghost, the incessant bar scenes - shot - to reveal just how deadening this lifestyle can be for the 20vear-olds always pushing themselves to false limits. The film condemns their foolish and violeni excesses and says quietly that not everything is senseless for Spain's "Generation X." (Al Goodman, IHT)

The Perez Family Directed by Miro Nair. U.S.

The Perez Family, a slowhis surroundings. He exudes a burning romande comedy in Casper satanic-like hold over his which Cuban immigrants resolve their troubled love lives in Miami, is too overcooked for its ing his nightly jaunts eveo own good. Marisa Tomei's an-while scolding his behavior. loyingly over-the-top perfor-vey Comic to computer-gener-film is duller than a dead man's Armendáriz will lose many mance as a curvaceous, earthy ated movie toon. "Casper" has eyes,

before reaching the tragic cli- Mira Nair, who made "Missismax. Yet he seems to employ sippi Masala," feels such goodwill toward her characters that masterfully with keen realism | she goes out of her way to indulge them. But she does so at the cost of the movie: "The Perez Family." which also throws Anjelica Huston, Alfred Molina and Chazz Palminteri into the pot, is an overambidous The Perez Family is best when Nair shows her hand: the warm, brown tones of the cinematography or the casting of the wonderful Indian actor Ranjit Chowdhry as the immigration official. (Dessen Howe, WP)

Directed by Brad Silberling.

In his transmigration from Har-

lost soul: a lonely little entity stuck in a purgatory without any playmates. In the past, fans weren't encouraged to think of him as the noncorporeal remains of a dead child. But at the beginning of "Casper," a lame but larkish look at the afterlife, the wee phantasm is in denial. He knows he's a ghost and that all the other kids are scared of him. but he isn't really dealing with the issue. This is a New Age ghost story, though, and before too long, he learns to accept his demise. The picture was produced by Steven Spielberg's Amblin Entertainment. As expected, it features extra-spectral effects, slews of celebrity guest shots and splendidly decorated

(Ritu Kempley, WP)

Otherwise, he remains the same

### High Notes on European Jazz Trail

By Mike Zwerin International Herald Tribuni

THE phase of jazz as a symbol of protest and freedom is past for the present. Its current incarnation takes the form of high-budget publicly subsidized and/or privately sponsored spectacles for the masses. There will be more than 250 jazz festivals in Western Europe alone this summer. They add up to a major tourist attraction.

You find people of all ages, races and persuasions at these picnics, convenoons and fashion shows rolled ioto music. Jazz has absorbed elements of classical music. folk and rock. You can dance to it, it appeals to both our physical and intellectual sides. It is a flag that attracts other flags in its name,

Many of the festivals fall in July, when the tourists are touring and the weather is reliable. They spin the musicians off to each other to keep costs down. The following listing is by necessity partial and attempts to avoid duplication, although about everywhere.

in beautiful ruins and classified historical buildings, Jazz à Vienne suffers from a location in a petroleum refining town on the autoroute between Lyon and Valence, where you'd otherwise step on the gas. It's kind of like jam sessions on the New Jersey Tumpike ("Gee, Daddy, if we lived here we'd be home now"): Tommy Flanagan, Joe Henderson, Paco de Lucia, Wynton Marsalis, the Jazztet with Art Farmer and Benny Golson, Abdullah Ibrahim (Dollar Brand) and James Brown. Hôtel de Ville, BP126, 38209 Vienne Cedex; tel: (33) 74-

JAZZ A JUAN, Antibes/Juan les Pins, France, July 5 and 17-26; Big-time concerts on a large stage for a lot of people sitting in a pine forest: The Blues Brothers, Sonny Rollins, Keith Jarrett, Chuck Berry, Archie Shepp, Ray Charles, Wynton Marsalis, Johnny Griffin and Marva Wright Maison de Tourisme, 11 Place de

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UMBRIA JAZZ, Perugia, Italy, July 7-16: Perhaps the most, to borrow a word attempts to avoid duplication, although
James Brown and his former sidekicks
Maceo Parker and Bootsy Collins are just
about everywhere.

JAZZ A VIENNE, France, June 30-July

JAZZ A VIENNE, Prance, June 30-July

JAZZ A VIENNE, Prance of the higgest and light and you have the feel
James Brown nor his funkster around the lake during the day and an accent on "happening" acts in the evening devastatingly quaint and you have the feel
James Brown and his former sidekicks

from Boris Vian, jazzistique of them all—

neither James Brown nor his funkster around the lake during the day and an accent on "happening" acts in the evening in halls named Stravinsky and Miles Davis. 13. Although it is one of the higgest and ing the attractions have been engaged for Beware the strong Swiss franc. Tony Benmost efficient of them all, the concerts are no reason other than that their music de- nett/Randy Crawford, Jimany serves to be heard: Jim Hall, Lee Konitz, Wayne Shorter, Bill Frisell, Jan Garbarek and the Hilliard Ensemble, Joshua and Dewey Redman, Gary Burton-Milt Jackson Vibes Summit, Buckshot LeFonque (Branford Marsalis), Joe Zawinul, Mingus Big Band, John McLaughlin and Dr. John. 2 Via Andrea, 2-06122 Perugia; tel: (39-75) 573-2432.

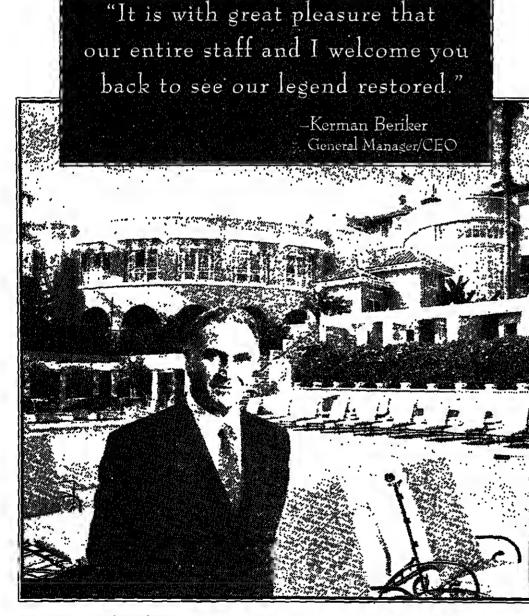
NICE JAZZ FESTIVAL, France, July 7-16: Three simultaneous outdoor concerts from 5 P.M.until midnight in a park on a hill ovelooking the city. Music from Dixieland through rap for grandchildren through grandparents; snacks from cotton candy through soul food: The Count Basie Orchestra, Claude Nougaro, Dee Dee Pridestrates Chadle Hodge. Bridgewater, Charlie Haden, A.J. Croce, Fats Domino, Rebirth Jazz Band, Mor-phine, Neneh Cherry, Taraf de Haidouks (Romania), Screamin' Jay Hawkins, Mighty Clouds of Joy, Baden Powell and

Bootsy Collins. Bureau du jazz. Studios de la Victorine, 16 Avenue Educard Grinda 06200 Nice, tel: (33) 93-21-10-00.

George Clinton, Wallace Roney, Neville Brothers, Salif Keita, Body Count, The Specials, Arturo Sandoval, Manhattan Transfer, James Taylor and James Brown. CP 1451, CH 1820, Montreux; tel: (41-21) 313-4567.

NORTH SEA JAZZ FESTIVAL, The Hague, July 14, 15, 16: The ambience inight be described as a weekend with music in Heathrow airport. The "biggest indoor jazz festival" consists of 12 concerts, eight hours a day under one roof, the Congress Center. A hit speedy, perhaps, but give them credit for cramming quality in with the quantity; Oscar Peterson, Bud Shank, John Retistore: Belo Flesh, and The Flesh Patitucci, Bela Fleck and The Flecktones Lionel Hampton and The Golden Men of Jazz, George Benson, Zan Mama, Cachao, Gil Scott-Heron, Paolo Conte, Don Cherry. Taj Mahal, Maceo Parker, Bootsy Collins and James Brown, Postbus 3325, 2601-DH Delft; tel: (31-15) 14-89-00.

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London Tate Gallery, lel: (171) 887-8000, open daily. Continuing to Sept 10:

#### FRANCE

Centre Georges Pompidou, tel: (1) 44:78-12-33, closed Tuesdays, Continuing/To Aug 21: "Constantin

Musee d'Art Moderne, tel: (1) 40-13-11-10, closed Mondays, Contin-uing/To Sept. 17: "Chagail, les An-nées Russes, 1907-1922."

#### GERMANY

Berlin Neue Nationalgalerie, tel: (30) 266-2681. closed Mondays. Continuing To July 30: "George Grosz: Berlin-New York."

#### GREECE

Megaron, The Athens Concert Hall, tel: 7282-333. Cherubin's "Medea." conducted by Carlo-Felice with Grace Bumbry/ Losephine Barstow and Vinson Cole.

#### ISRAEL

June 2. 4, 6, 8 and 10.

Jarusalem Israel Museum, tel: (2) 708-811, open daily. Continuing/To June 18: Princely Taste: Treasures from Great Private Collections."

#### ITALY

Teatro alla Scala, tel: (2) 80-91-80. Verdi's 'Felstaff,' directed by Giorgio Strehler, conducted by Riccardo Muti. June 11, 13, 15, 17 and 19.

#### JAPAN

Hara Museum of Contemporary.

Art. tel (03) 34-45-06-51, closed.

Mondays. To June 11; "Warning II."

Contemporary issues reflected in 45,





Silk screens by Op Artist Bridget Riley in Luxembourg.

### iune 5. Continuing/To July 9: 'Swinging Shatles, Spenking

#### RUSSIA

Mescow
Pushkin Museum of Fine Arts, tel:
(095) 203-5809. Continuing/To July
16: "Twice Saved." Works seized by
the Soviet Army in Nazi Germeny.

#### UNITED STATES

Charleston
Spoleto Festival, tel: (803) 5774500, fax: 723-6383. To June 11:
Features symphonic, choral and chamber music, ballet, jezz and theater. The operatic performances include "Der Rosenkavalier," with Renata Scotto (June 3 and 10) and Haris Warner Henzele "Der Prinz von Hoozhum" (June 3 7 and 11). Homburg" (June 3, 7 and 11).

Art, tel: (03) 34-45-06-51, closed, Mondays. To June 11: "Warning II." Series of opera and ballet performances in the War Memorial Opera works by 25 artists.

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# Evening," e world premiere of three choreographies created by Susan Marshall, Stephen Petronic and Bill T. Jones (June 23 and 24); at the Sigmund Stem Grove, e recital by José Van Dam (June 25).

#### **EUROPEAN TOUR**

New York Philamnonic, June 7 to 27: New York Philamnonic, June 7 to 27:
Under Kurt Masur, the orchestra
tours nine European cities: Paris
(Châtelet, June 7, 9): Cologne (Philarmonie, 10); Düsseldorf (Tonhalle,
11); Amsterdam (Concertgebouw,
13); Birmingham (Symphory Hall,
15); London (Royal Restval Hall, 18);
Vienna (Konzadheus, 18, and 20); Vienna (Konzerthaus, 18 and 20); Istanbul (Atatürk Cultural Center, 22 and 23) and Athens (Athens Concert Hall, 25, 26 and 27).

Some highlights of European music and arts festivals beginning in June:

Holland Festival, tel: (31) 70-320-2500, fax: 320-2611. May 31 to June 30: The theme of the festival is "an and resistance." Theo Loevendie conducts performances of his own "Esmée," set during the German oc-cupation. Also featured are Shostakovich's Seventh Symphony, Schönberg's "A Survivor from War-saw," Gyorgy Kurtag'e new choral

# work set to poems by victime of Stalin censorship and "Die Meistersinger von Nürnberg," conducted by Hart-mut Haenchen and "The Magic Flute," conducted by John Eliot Gardner.

Garsington, England
Garsington Opera Festival, tel:
(44) 1865-361-636. June 11 to July 9:
Haydn's "La Fedelta Premiata,"
Rossini's "La Cenerentola,"
Mozart's "Der Schauspieldirektor"
and Strauss's "Daphne" performed
on the terrace of the Jacobean manor
house in Oxfordshire.

Granada, Spain

44th Festivel Internacional de Musica y Danza, (el: (34) 58-220-022, fax: 222-322. June 23 to July 9: The palaces and countyards of the Alhambra, the gardens of the Generalife, the Cathedral and the monastery of San Jerónimo, and other historical venues host events devoted to the relationship between Eumonean music end the Arab world. ropean music end the Arab world. Soloists include Frederics von Stade and Gülsin Onay.

#### Graz, Austria

The Styrian Festival, tel: (43) 316-835-241, fax: 837-987. June 23 to July 18: This year's program, "Traces of the Mythical," offers per-"Traces of the Mytrical," offers per-formances of music by Schubert and Haydn conducted by Nikolaus Harmoncourt. Also, Spanish, Moorish and Sephardic music sung by Montserral Figueras, with Jordi Savall playing the viola da gamba.

#### 23rd Istanbul International Music

Festival, tel; (90) 212-293-3133, fax: 249-5867. June 20 to July 7: Kurt Masur conducts the New York Philarmonic Orchestre, and the Scottish Chamber Orchestre performs Mozart'e "Abduction from the

#### Paris 27e Festival de Saint-Denis, tel;

(33) 1-48-13-12-12. June 7 to July 6: Brahms, Fauré and Verdi Requiems, conducted by James Conlon.
Berfloz's "Messe Solemnelle."
Beethoven's Ninth Symphony, conducted by Charles Dutoit and Gsorges Prêtre.

Varna, Bulgaria
Varna Summer International Fes-tival, let (359) 52-227-188, fax: 220-101. June to August: Operas include Verdi's "Otello," "Alda" and "Turan-dot." Also, ballet performances by American, Russian and Bulgarian companies.

#### By Patricia Wells

we'd have to call the Eiffel Tow-er's populist new Altitude 95 with a spectacular view of the Seine and all of Paris laid out in a vast stretch - Attitude 95, for you'll get a

On paper at least, the menu offers great promise. Each week, the restaurant offers an à la carte menu featuring the specialties of at least two regions of France, an idea that dates from the earliest restaurants housed in the tower. So from the Ile de France we have onion soup, cold salmoo with mayonnaise, grilled steak with parsley butter. Provence is represented by poached egg with basil-flavored raratouille, fresh pasta with basil sauce, tuna Provençal. Standard menus - at 45 francs for children, and 95, 145 and 230 francs for

On our visit, service was excruciatingly slow, unprofessional, totally inattentive, and just plain wrong. The food was no better than any corner café: The solade maraichère turned out to be nothing more than a platter of common crudités, the free-range chicken in vin du Jura was tough and tasteless, and the roasted rabbit was bathed in a sauce so service on a recent evening - albeit in-

#### International Herald Tribune

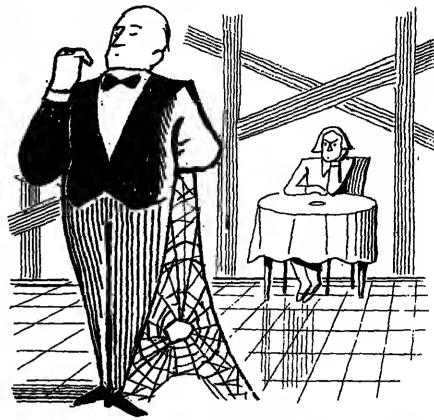
ARIS - If this were America. heavy dose if you try to dine there.

Reservations are required, of course, Once you arrive at the foot of the tower, you must wait in line to purchase a 20-franc (\$4) ticket to take the tourist elevator to the restaurant. (No doubt the ticket seller will be dubious that you really have a reservation.) You're told that this ticket will put you in a special line and you won't have to wait. Don't believe them. Be ready to fight elbow-to-elbow with the school group from Edinburgh and the camera-toting foursome from Kansas City.

Once you arrive at the restaurant, nicely attired, you'll be greeted with a second dose of attitude. The eyes of the bead greeter and the tone suggest "you couldn't possibly have a reservation." You'll most likely be shown to the back of the restaurant, where you'll eat with your face in a mirror. Instead of all Paris before you, you get to look at yourself, with a little bit of Paris and a lot of the metal of the tower joining the reflection. (For a true view, you'll need to reserve several days in advance.)

adults - make an attempt at variety.

salty and overreduced, it was inedible. doors — was excellent. When the fresh grapefruit salad turned out to Try the deliciously



waiter had grabbed the first dessert he saw. marvelously fresh poached turbot with a and he later replaced it without apology. The classic hollandaise, and the old-fashioned wine list is narrow and simply strange, and a tarte au citron, a lemon pie that's part of the Chinon ordered by the bottle was only available in stingy-looking half-bottles.

Eiffel Tower's Attitude With a View

That said, I'm going to keep on trying for the view, during an early breakfast, or later in the day, for a half-dozen oysters or a Droin. glass of Champagne at the bar. But for a real meal, I'll stick with a sure bet: the Jules Verne, on the other side of the tower.

In the end, it may be better to have a view of the Eiffel Tower than actually be there. At Le Bon Accueil, a lively, bustling bistro just a few blocks from the tower, a few tables tumble out onto the sidewalk where the view is direct, if citified. The food and

Try the deliciously fresh, moist and

be an apple charlotte, it was clear that the sweet cold langoustines with mayonnaise, glory of Paris bistro dining. The budget-minded can order from the well-priced 100-franc menu. The wine list is excellent. including a fine Chablis from Jean-Paul

> Altitude 95, Tour Eiffel, first floor (20franc entrance at Pilier Nord de la Tour). Paris 7; tel; 45-55-20-04. Open from 9 A.M. to 11:30 P.M. daily. Credit cord: Viso. Menns at 45 froncs (children under 12), 95 francs, including wine (until 8 P.M.), 145 francs (lunch) and 230 francs.

> La Bon Accueil, 14 Rue de Monttessuy, Paris 7: 1el: 47-05-46-11, Closed Saturday lunch and Sunday. Credit cord; Visa, 100franc menu. A la carte, 250 froncs, including service but not wine.

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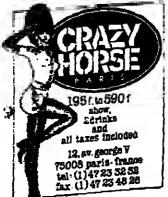
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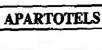
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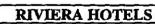
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INTERNATIONAL

### He Will Weigh Use of Troops In Spite of Heavy Criticsm

WASHINGTON - President Bill Clinton, under heavy congressional criticism for suggesting possible use of U.S. troops in Bosnia, said Thursday that he remained "inclined" to send the soldiers if the mission were strictly limited and tempo-

Mr. Clinton's remarks expanded on his announcement Wednesday that he would consider sending U.S. troops to help United Nations peacekeepers regroup to safer, more defensible positions, a policy shift attacked by Republican congressional critics.

In an interview with the Gazette newspaper in Billings. Montana, which was released Thursday by the White House, Mr. Clinton said be had not yet received a request for military

support.
The question bas arisen," be said, "if the UN forces want to

mission was strictly limited for crisis. a very narrow purpose and it was something that we could do States was prepared to offer for them that they couldn't do equipment, logistical support for themselves, upon proper and advice on strengthening consultation with Congress, I UN forces. would be inclined to do that."

to be part of the UN mission.

the president added. The new U.S. position, outlined Wednesday in a speecb at the Air Force Academy, was a shift from his previous stand peace agreement.

that address.

The Senate majority leader. Bob Dole of Kansas, said U.S. troops should be used only on condition that France and Brit-

dential nomination, said Wash- al aid is getting in.

ington should belp its allies withdraw and then lift the arms

Jesse Helms, chairman of the Senate Foreign Relations Committee, said: "The UN mission in Bosnia has failed. It must be withdrawn and the U.S. should not refuse to assist in its withdrawal. But in no way should American soldiers be sent to Bosnia for any other reason."

Richard G. Lugar of Indiana, another senior Republican sen-ator and presidential contender, took a different tack, saving large-scale North Atlantic Treaty Organization forces should replace the UN peacekeepers.

"The UN force should leave. and NATO will take control of the situation with strong American leadership." Mr. Lugar

A Pentagon spokesman. Ken Bacon, said General John M. stay in Bosnia but have to relo- Shalikasbvili, chairman of the cate so they can concentrate Joint Chiefs of Staff, would acthemselves in more secure ar-eas, if they needed help from us. would we be willing to give it?" Company Defense Secretary William J. Perry to a meeting Saturday in Paris of 14 defense "My instinct is, as long as the ministers to discuss the Bosnia

Mr. Bacon said the United



UN troops escorting a Sarajevo family across a dangerous intersection on Thursday.

### "But they would not be going there to get involved in war or there to get involved in war or the LDN mission." Battle in 'Safe Area' Traps Peacekeepers

By Roger Cohen
New York Times Service

SARAJEVO. Bosnia-Herzethat U.S. troops might go to govina - As British reinforce-Bosnia only to cover a UN ments for the UN here moved withdrawal or to help monitor a into Bosnia, fighting erupted Thursday in the eastern Bosni-Republicans pounced on him an enclave of Gorazde that ilfrom all directions following lustrated the extent of the peacekeepers' plight.
At the same time, the situa-

tion of the almost 300,000 people in Sarajevo moved toward lifting an arms emhargo on the cut, and main streets were deserted hecause of intermittent

rizges full of containers of wa- town, ter, cultivated improvised vegetable gardens, sprinted across crossroads exposed to fire, and fed goats, rabhits and chickens on the grassy borders of once-

busy city thoroughfares. The fighting in Gorazde, about 65 kilometers (40 miles) condition that France and Brit-ain dropped their resistance to flour, water and electricity were positions on the outskirts of town vacated by UN troops who were forced out or taken Senator Phil Gramm of Tex- sniping. The Serbian noose hostage by the Serbs after the as, who is vying with Mr. Dole around the city was tightened to North Atlantic Treaty Organi-for the 1996 Republican presimunitions depot last week.

itary activity, the weary Saraje-vans at the center of it pushed ers managed to flee toward the wheelharrows and baby car- center of the mainly Muslim

> UN military observers reported 350 detonations Thursday as Bosnian government forces and separatist Serbs bat- of 4.000 to 5,000 Western tled for five strategic observation posts abandoned by the United Nations on the east bank of the Drina River. One emplacement appeared to have fallen to the Bosnian Army.

Amid a frenzied flurry of international diplomatic and mil- an troops were captured by the man, Lieutenant Colonel Gary man, Lieutenant Colonel Gary

It is precisely this kind of impasse that the proposed redeployment of the 22,000 UN troops in Bosnia to safer positions and the suggested dispatch of a rapid reaction force troops is intended to prevent.

After a long period of confusion. Western governments ap-pear to have decided that they have had enough of "safe areas" like Gorazde and Sarajevo that Some Serhian shelling of the are unsafe, peacekeepers who east hank from positions above are potential hostages, air Gorazde on the west bank fell strikes that offer no solution, short and hit the center of the and diplomacy unhacked hy town, which has about 60,000 any credible threat of force.

#### BELGRADE: New Concessions

Continued from Page 1

supplies to the Bosnian Serbs, a step that if fully effective would have hobbled their war effort. The hope was that as Mr. Milosevic distanced himself from the Serhs in Bosnia, the remaining sanctions, including an oil emhargo, could be suspended

one by one. U.S. officials say the cordon between Serbia and the Bosnian Serbs has been leaky at best. Still, earlier this month, Mr. Frasure traveled to Belgrade with a proposal for the next round of suspending sanctions.
The Serhs rehuffed the offer, insisting that all sanctions be

immediately lifted. After a North Atlantic Treaty Organization bombing raid prompted the Bosnian Serbs to take bostages, U.S. officials reconsidered their stance toward Mr. Milosevic and Mr. Frasure

was sent with new orders.
Under the previous U.S. negotiating stance, sanctions were suspended, but beld in abeyance, and could have been reimposed if any member of the United Nations Security Council, including the United States, raised questions about Serbia's compliance with the terms of Bosnian Serb information minthe deal.

The new proposal, officials said, gives the UN secretarygeneral sole responsibility for judging whether Yugoslavia has carried out its side of the bar-

said, answering questions after cials said this approach was signing an agreement with Por- worked out among the administugal extending U.S. use of a tration and Britain, France, members of the Contact Group.

aspect of the sanctions. The Serbs wanted permission

to import hundreds of thousands of tons of oil a month, the officials said, an amount that would have allowed them to amass a stockpile as insurance against a future embargo. While the Clinton adminis-

tration was cool to that proposofficials said the approach that Mr. Frasure was to convey would allow Serbia to satisfy most of its domestic needs.

Real Estate Marketplace

### A National Anthem's Discord

### Israel's Arabs and Druze Deride 'The Hope'

By Clyde Haberman New York Times Service

JERUSALEM — It takes roughly 50 seconds to sing Israel's national anthem. As Micha Goldman sees it, that is plenty of time to offend nearly one-fifth of the population. They are the million Arabs and Druze with

Israeli citizenship who he feels cannot possi-bly relate to "Hatikva." a haunting melody of East European origin that means "The Hope" in Hebrew, ft is sung with these words:

As long as deep in the heart The soul of a Jew yearns, And loward the east An eye looks to Zion Our hope is not yet lost The hope of 2,000 years To be a free people in our land The land of Zion and Jerusalem.

"How can an Arab sing about 'the Jewish soul"?" said Mr. Goldman, the deputy education minister. "I want everyone to sing the anthem, but first you have to make it possible

for them to sing it."

What the country needs, he says, is a new bope, speaking "to all Israeli citizens," although he offers no specific word substitu-

When he raised the matter a few weeks ago, he bit a nerve and touched off a debate about the proper symbols for a country of 5.5 million that is about 81 percent Jewish but whose minority ratio, largely Arab, is steadily rising.

That this can be a passionate subject is evident from Mr. Goldman's recent mail,

which be says includes death threats. At heart, it is a debate that has bedeviled Israel since its founding in 1948. It is between those who say that this should be considered a state of all its citizens, and those who reply that it is by definition a Jewish state, recognizing minority rights but making no apolo-

gies for less than full equality.

Symhols weigh heavily. One is "Hatikva." written in the late 19th century by Naphtali Herz Imber, a poet from Galicia whose words became part of the Zionist movement's an-

Another is the menorah, the Jewish candelabrum that is the official state symbol. Still another is the flag, whose dominant feature is blue Star of David on a while field,

The flag became an issue recently when Limor Livnat, a member of Parliament from the rightist Likud party, introduced a bill requiring that the banner be flown in all classrooms or at least - in a later compromise amendment - from every school build-

This is a Jewish state, the only state for Jews," said Ms. Livnat.

But Walid Tzadik, an Arab member of Parliament from the leftist and mostly Jewish Meretz bloc, says the symbols should touch

his soul as well. Mr. Tzadik also is a deputy agriculture minister, which is as high as any Arab has

risen in government. "My identification is as a Palestinian and also as a citizen of the state of Israel," he said. "So I want in every way to be an Israeli. But I can't have equality in that identification if you are giving me purely Jewish symbols like 'Hatikva.'

In their civil status, the Arabs of Israel are distinct from Palestinian Arabs in the West Bank and Gaza Strip, territories occupied in the 1967 war. Arabs inside Israel, who chose to remain on their land after 1948, are Israeli citizens. Those in the territories are not.

citizens. Those in the territories are not.

But few would seriously argue that Israeli
Arabs are on an equal footing with Jews.

They are not drafted into the army, and face discrimination in jobs, housing and education. Despite attempts by the current government to close the gap, their towns receive disproportionately small shares of state money. No Israeli government has broken a taboo against bringing small Arab-dominated parties into ruing coalitions. ties into ruing coalitions.

Simply put, many Israeli Jews — perhaps most — question the Israeli Arabs' loyalty, suspecting that they identify with fellow Arabs first and with Israelis a distant second. Elyakim Haetzni, a Jewish rightist who

used to be in Parliament, argues against even pretending that there can be full equality, in symbols or in substance. Above all, he says, the country must preserve its Jewish charac-

To let Arabs potentially hold the balance on matters like peace and territorial conces-sions, he said, "would be self-immolation sacrificing ourselves on the altar of democra-

When it comes to rallying 'round the flag, though, some Jews are as reluctant as Arabs. Rigorously Orthodox Jews, known here as Haredim, object to making the banner "a holy object," as some say Ms. Livnat would do, and they object to "Hatikva" for making no mention of God.

It comes as a surprise to some here to learn that, while "Hatikva" is the national authem, that status is not official. Every once in a while, newspapers point out that even Naphtali Herz Imber was not made a good Zionist by his own words.

He went to what was then Palestine in 1882. But he stayed only six years, moving later to India, where, according to historical accounts, he was won over by Christian mis-

#### PIRATES: Counterfeiting Factories Reopen in China

opened, but under the supervi-

The intent of the agreement was not to close the plants forever, he said, but to impose stiff fines and suspend production for one to three months. He acknowledged that none of the directors of the pirate factories had been prosecuted, but he defended his agency's campaign to cradicate piracy. He cited three cases that were brought against film pirates in Nanjing

this week. "We are continuing our in-

Continued from Page 1 vestigations in the provinces," ing said, "was that these beautiprincipal agencies in charge of investigating piracy, acknowledged that the plants had reinitiate actions against the by Western manufacturers in the provinces," ing said, "was that these beautiful plants packed with all the cover potential violations, we latest gear would be sumped up, initiate actions against the by Western manufacturers in the provinces."

sion of government officials.

"We are still not sure if they continue to manufacture pirate CDs," he said.

Meanwhile, far from cutting pened because the manufacture res are still petrified by the ontion, legitimate or counterfeit, going piracy — and the Beijing is planning to construct prospect that they will not be

vet another CD factory, to be run hy its importation corpora-

With 30 factories in operation," said Albert Wong, director of development in China for the Bertelsmann Music Group, "China could easily supply the world with all the compact disks it would ever need."

the February agreement," a Eu- and market forces determine ropean trade negotiator in Beij- the pricing structures."

joint ventures. It hasn't hap-

The only way to stop counterfeiting, he said, is for the au-diovisual companies to invest in the plants that are pirating their products.

able to set prices."

"Eventually the industry will have to bite the bullet and take the risk of manufacturing the legitimate disks in China," be "The assumption following said, "letting the government

### EU: Debate on Expanding Eastward BANKER:

Continued from Page 1

intergovernmental conference, which will actually be a series of meetings involving officials, ministers and heads of government, will drag on into 1997, when Britain must hold an election that polls indicate Mr. Maior will lose.

"We know there are two visions that cannot be reconciled, with Kohl at one end and Major at the other end," said Stanley Crossick, head of the Belmont European Policy Center in Brussels. Just as at Maastricht, which

U.S. and Portugal

Sign Base Accord

LISBON - The United

States and Portugal signed a

five-year accord Thursday

granting continued U.S. access

to the Lajes air base in the mid-

Atlantic Azores islands. The

deal came after four years of

was largely the product of Mr. Kohl and former President Francois Mitterrand, the key compromises are likely to be thrashed out between Germany

U.S. and other Western offi-Germany and Russia, the other

In previous negotiating sessions, the officials said, Serbia has been pressing U.S. negotiators for relief from the embargo on importing oil, an important

baggling over the wording. This treaty reaffirms the close relations that have long existed between our two countries," Secretary of State Warren M. Christopher told a news conference after signing the agreement during a brief stopover in Lisbon.

Under the new agreement the United States will no longer pay cash for the right to operate the base but will offer Portugal weapons and military equip-ment worth \$173 million. U.S. planes have used Lajes as a mid-Atlantic refueling point and a base for maritime reconnaissance patrols since World

At a meeting in Strasbourg Ready to Travel with Mr. Kohl two weeks ago, France's new president, Jacques Chirac, said that establishing a joint position with Germany for the EU conference was

one of his top priorities. But French officials echo Britain's wariness about greater majority voting, and back London in its demand for greater voting power for big EU states to prevent them from being outvoted by Europe's Latvias and Luxembourgs.

Although as Europe's biggest country, Germany technically would benefit from such a shift in voting power, one senior German official warned that the proposal would deadlock the Union by upsetting the balance of power between big and small states and fanning fears of German domination.

Whoever is against qualified majority voting is against Eu- as part of a broader review of rope," this official said. "It's as post-World War II institutions Simple as that."

EU leaders set up the reflection group, hoping that a highlevel group could brainstorm its way out of those entrenched po-

We have to think as freely as we can," Carlos Westendorp, Spain's minister for European affairs and chairman of the reflection group, said in an inter-

If we mix up all these issues with the IGC, we are going into very difficult territory," Mr. Westendorp said.

Correction

In the ITT Sheraton Sponsored Page on Rome (May 31), the fax number of the Sheraton Roma Hotel and Conference Center should have been (39-6) 594-0689. Also, the words "no answer" were missing from the end of the AT&T

Continued from Page 1 or better technical advice for its

borrowers. Mr. Wolfensohn said he would spend the next six months trying to "forge for myself a clearer perception, a more explicable statement of bank priorities. But, he predicted, at the end of that period he would still likely "come back to you and say that poverty alleviation consists of many things."

After Africa and Latin Amer ica, Mr. Wolfensohn will visit East Asia and the former Soviet Union in the fall and the Middie East and South Asia in the Leaders from the Group of

Seven industrialized nations are to debate the World Bank's role when they gather for their economic summit in Halifax, Nova Scotia, June 15 to 17.

In Washington, Mr. Wolfen sohn, 61, is best known as chairman of the Kennedy Center, which he has run on a part-time basis for the last five years while managing his Wall Street investment banking firm, James D. Wolfensohn Inc.

On Wednesday, he reversed himself and said he would step down as chairman of the financially troubled performing arts

center at the end of the year. Mr. Wolfensohn, who left Salomon Brothers Inc. in the early 1980s to do things his way at his own firm, said he hoped the G-7 leaders would not

Cramp his style. What I hope very much per-sonally is that I'll have the opportunity to sit in my chair first and have a chance to work with the other multinational institutions before someone tells me how I should do it," he said.



Mr. Chirac, in Vannes, France, placing military medals on coffins of two French soldiers killed in Sarajevo.

### FORCE: France and Britain Step Up Plans for a New UN Backup Army

Continued from Page 1 Bosnian Serbs. The new orders to resist and fire back when necessary were followed last Saturday, when French soldiers seized a bridge that had been taken by the Serbs. The two French soldiers huried Thursday were killed in the ensuing

Britain's prime minister. John Major, also sought to dispel suspicions that the new force might be part of a rescue mission to liberate the hostages, or even extricate the entire the UN force from Bosnia. He emphasized the value of the UN bumanitarian aid mission that has saved thousands of lives. "It is necessary for us to he

there," Mr. Major said. "It is not that long ago that people were desperately concerned about what was happening in Bosnia, the ethnic cleansing, the racial-hased murder, the mass rape we saw and the dangers of starvation. The new Western reaction

be established at a meeting of defense ministers from 14 nations here Saturday, would also be authorized to use force whenever necessary to counter potential attacks against UN

brigade, which is supposed to

The U.S. defense secretary, cases," said Bompenda Bon- the committee Thursday, break in Zaire.

Thursday that he would attend the meeting. A big question in French minds is what role the United States will decide to

Britain is expected to muster up to 1,500 troops, including fresh elite units as well as some elements of its existing UN contingent, for what it prefers to call a Theater Reserve Force. France has already sent 500 marines aboard the aircraft carrier Foch who are destined to serve

French officials said they also expect Dutch, Spanish and Italian troops to be assigned to the force, while Germany bas promised logistical assistance.

KINSHASA, Zaire - The

number of known deaths from

an outbreak of Ebola virus in

western Zaire rose to 164 on

Thursday, and researchers said

Zaire would have a six-month

wait to find out whether it had

the moment, there are no new

"The good news is that, for

heaten the epidemic.

William J. Perry, announced moved into more defensible positions, France's defense minister, Charles Millon said, the principal tasks of the force would be to safeguard UN peacekeepers and prevent any further taking of hostages, try to reopen and secure Sarajevo airport, and clear a permanent land corridor between the main UN supply station in Kiseliac

> ■ U.S. Spurns Serbs' Offer The U.S. secretary of state. Warren M. Christopher, on Thursday dismissed proposals hy Bostian Serbs for negotiations on the release of the UN

and the Bosnian capital.

troops. Reuters reported from Lisbon. Mr. Christopher said at a Once the UN troops are news conference that the pro-conflict.

"In six months, if we believe

that there are no new cases and

that all the known cases have

recovered or are dead, then we

will be able to say we have

won," he said.

military base in the Azores is-None of the detained peacekeepers are Americans, and Washington has no ground forces in Bosnia. But the United States is one of five countries in the Contact Group seeking to

posals on Wednesday by the

ister. Miroslav Toholi, seemed

to be "inviting concessions on

the part of the United Nations

or the troop-contributing na-

"We're not prepared to go into talks on that hasis," he

**Ebola Virus Deaths in Zaire Rise to 164** 

kumo, head of the government showed that out of 211 known

committee set up to fight the cases of Ebola virus. 164 people

mediate an end to the Bosnia

miles) from the capital, Kinsha-In London, researchers said that a 36-year-old laboratory The latest figures, released by worker triggered April's out-

have died since January in and

around the western town of

Kikwit, 500 kilometers (300

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### Olivetti PCs: Profit or Bust

By James Hansen Special to the Herald Tribune

IVREA, Italy - Olivetti SpA, Europe's largest computer manufacturer, said that if it could not make money selling personal computers by next

year, it might stop making them altogether.

"If we can't make our PC division profitable within 1996, we may get out of that business," said Managing Director Corrado Passera. He added, however, that "we still have 18 months to go and expect to make it."

In spite of being two years into a drastic restructuring, the company last week shocked the market by announcing a 1994 loss of 678.9 billion lire (\$413 million). That is more than \$100 million higher than analysts bad been led to expect and a 46 percent jump over the company's sizable loss in 1993.

The black hole pulling down Olivetri profit is, unfortunately, its key business: personal computers. "Olivetri has cut a lot of things, now they should cut out PCs," said Alberto Rolla, an analyst at the Milan brokerage Milla & Co. "We estimate they lost \$150 million selling them last year." Last year, Olivetti's chairman, Carlo De Benedetti, forecast that the company was "set to reap the benefits of its sweeping reorganization." Personal computers are clearly what has gone wrong with that cheerful vision, and there are signs that

corporate patience is running thin.
The restructuring is aimed at streamlining Olivetti and refocusing it on value-added sectors such as service and support activities and away

from low-margin hardware manufacturing.

The company's share of European personal computer sales has been steadily eroded, mostly by American competitors such as Compaq Computer Corp., IBM Corp.and Apple Computer Inc. Today, according to the market research firm Dataquest Inc., Olivetti has just 5.3 percent, substantially less than half the 12.7 percent share of the market leader Company. of the market leader Compaq.

Plans call for the PC operation, together with the office products division, to be carved out of the main body of Olivetti and established as separate companies as a prelude to taking in

Mr. Passera said that a probable partner for the profitable office products division, a maker of printers that is shipping a million units a year, is Canon Inc. of Japan. Canon and Olivetti already collaborate in making facsimile machines and photocopiers.

There is greater mystery about the likely partner in PCs. Sources within Olivetti said that some form of preliminary understanding already exists with Hewlett-Packard Co., one of the few strong operators with an interest in developing more PC manufacturing capacity.

Mr. Passera said the separation of the PC

division and the search for outside support had been decided in principle but "will not necessarily be executed right away,"
A divestiture of the PC operations is unlikely to affect Olivetti's Acorn Computer Group PLC, a subsidiary in Britain which is attached to the company's multimedia operations. Acorn, whose computers are not compatible with standard

PCs, is largely used by Olivetti as a research unit. Oliverti has been forced to consider the drastic alternative of leaving the business with which it most closely identified in spite of the successful implementation of a range of tough moves to cut costs and refocus the attention of the companv on its most profitable products .

The company bas trimmed more than 40 percent of its work force in the last five years, to 32,000 employees, and 2,500 more jobs are expected to go in 1995. It has cut operating expenses from 28 percent of sales to 20 percent and is aiming to reach 18 percent. Low-margin products, particularly down-market PCs, bave been

ruthlessly eliminated from the catalog. Olivetti is even allowing the grass on the cor-porate lawn in front of its Ivrea beadquarters to

#### Olivetti's share of European PC sales has been steadily eroded, mostly by U.S. firms.

grow long so it can be cut, baled and sold as hay. This saves the cost of gardeners and even generates a microscopic amount of revenue.

Mr. Passera, the architect of the restructuring plan, insists that despite problems in the PC business, the rest of the cure is on schedule.

1993 was 206 billion lire.

Mr. Passera said a substantial part of the company's 1994 financial losses were one-time items which would not recur in this year's accounts. "We took trading losses last year of 195 billion on share and foreign currency operations," he said, "but the gap that surprised analysts came from our lastminute decision not to conclude the sale of a subsidiary, Syntax Processing."

A bright note is the strong growth of the

company's profitable service and support activi-ties. These presently account for a third of over-all revenues, a sbare expected to reach 40 percent within two years.

Olivetti feels that the best news about its future has to do with telecommunications. Its Omnitel cell phone venture is due to begin operating later this year. Beyond that, it has recently signed a range of agreements with Bell Atlantic Corp., Hughes Aircraft Co. and other companies .

"In the next few years, telecommunications will be our fastest-growing source of revenues, Mr. Passera said.

### U.S. Data Show Chance Of a 'Bumpy Landing'

#### Intervention Fears Chill Forex Trades

NEW YORK - The dollar fell Thursday against major European currencies, erasing early gains, after several weak U.S. economic reports led to speculation that the Federal Reserve Board would lower interest rates soon.

The dollar closed on Thursday at 84.65 yen. up from a closing rate of 84.56 yen on Wednesday. It closed at 1.4058 Deutsche marks, off from 1.4165 DM on Wednesday even though it had risen as high as 1.4371 DM in Thursday trading.

"The economic data helped push the dollar down," said Tom Hoge, corporate currency trader at Bank of New York. A purchasing managers report, factory-orders statistics and weekly jobless claims all pointed to a signifi-

cant economie slowdown.

Earlier in the session, the dollar bad risen to one-week highs against the mark and yen, amid speculation that the U.S. government would buy dollars if the currency faltered.

A buying spree by the Fed, the Bundes-bank, the Bank of Japan and many other central banks had sent the dollar soaring on Wednesday. The purchases punished traders who had sold the dollar for other currencies.

The dollar held its gains from Wednesday against the yen because traders were encouraged by cooperation between the Fed and the Bank of Japan in the currency market, ana-

The dollar fell 5 percent against the yen late last week amid signs that U.S.-Japan relations were deteriorating. The U.S. has promised to impose sanctions against Japanese autos later this month unless Japan agrees to open its

"I think the Fed can be deemed successful" in its dollar-rescue, said Graham Broyd, manager of currency sales at National Westminster Bank in New York.

"People have to keep an eye out for more intervention," said Dave Glowacki, senior trader at NBD Bank Detroit. "The feeling is that we will see more than just a one day

"It was perhaps the most clever intervention they have done in a long while," said James McCarthy of First Union National Bank. "The timing was perfect, and they did

See DOLLAR, Page 12

WASHINGTON — A spate of negative data released Thursday indicated that the

soft-landing scenario for the economy that has taken stocks and bonds to dizzying heights recently is anything but certain.

Yet the bond market rose as the prospect of inflation receded, while stocks recovered from early losses that were caused by fears of a sharper-than-expected slowdown. Stocks finished the day at a record high as investors saw the possibility of reduced interest rates

and an economic upswing later in the year.

A report by the Nanonal Association of Purchasing Management showed a surprisingly sharp drop in manufacturing activity. The association reported that its overall manufacturing index fell to 46.1 in May, sharply lower than the expected reading of 50.8 and the lowest level in nearly four years.

The group said it was the first time since August 1993 that its survey of 250 purchasing managers had not indicated growth in the manufacturing sector. A number below 50 in the overall index indicates a slowdown in the manufacturing sector.

The Commerce Department provided additional gloomy data. Orders to U.S. factories plunged 1.9 percent in April, the biggest drop in nine months and the first time in nearly two years the orders have fallen for three

The decline in orders was led by a 4 percent drop in durable goods; the department said that was the biggest decrease in more than

The Labor Department, meanwhile, said new claims for state unemployment insurance rose by 9,000, to a seasonally adjusted 389,000 last week, the highest number in four

Earlier Thursday, the government reported that personal income and spending each rose a moderate 0.3 percent in April.

Consumer spending, which accounts for about two-thirds of U.S. economic activity, powered the economy to its strongest perfor-mance in a decade in 1994.

But spending started to slow during the Christmas season, and the slowdown persisted in early 1995, weighed down by rising borrowing costs and slowing growth in employment. In April, the unemployment rate jumped to 5.8 percent from 5.5 percent in

These reports came after Wednesday's announcement that gross domestic product, the government's broadest gauge of economic

See STOCKS, Page 12

#### **WALL STREET WATCH**

### Stock Buyers Need Not Fear Heights

By James K. Glassman Washington Post Service

ASHINGTON — With the stock market now up 23 percent since last summer, many investors will be wondering whether this is too dangerous a time to buy stocks. The market will have to come back to Earth sometime; should the investor wait until it does?

The answer is: Absolutely not, for two TEBSORS:

First, trying to guess the high point of the stock market is an impossible task. Second, "market timing" — as this elusive goal is called -- will not help you

Analysts at Capital Research and Management Co. tried this exercise: They invented a fellow called "Louie the Loser," who every year put \$5,000 into Investment Co. of America, an actual mutual fund managed by Capital Research that has produced returns that closely track the market as a whole.

As his name implies, Louie the Loser had terrible timing. Each year, he chose the worst possible day to invest his \$5,000 in ICA: the day the Dow Jones industrial average hit its annual peak. Still, after 20 years. Louie's total in-

vestment of \$100,000 had grown to \$441,000 - an average annual return of 13 percent.

Louie's opposite number, an imagi-nary perfect market timer who invested \$5,000 the day the market hit its low each year, scored a return of 15 percent - not a lot of difference.

The reason is that time, not timing, is what matters. The best strategy is to buy stocks early and often -- and to resist the urge to bail out when the going gets tough.

That is the message of the best book I have read on the market in years, "Stocks for the Long Run," by Jeremy Siegel of the Wharton School of Business. After extensive research covering two centuries of financial history, Mr. Siegel con-

Time, not timing matters. The best strategy is to buy stocks early and often - and to resist the urge to bail out when the going gets tough.

cluded that "the constancy of the longterm, after-inflation returns on stocks was truly astounding."

Unless the investor's time horizon is very short - and it is a good idea in any case to tuck money that will be needed in the short term into high-rated bonds and money-market funds --- stocks not only return far more than the alternatives, Mr. Siegel said, they are "actually safer than either government bonds or Trea-sury bills."

If the Louie the Loser story does not give you solace, then consider Mr. Siegel's analysis of the "Nifty 50," the bot growth stocks of the early 1970s. Investors bid these institutional darlings -

such as Xerox Corp., Coca-Cola Co. and Merck & Co. — up to astonishing levels. In 1972, they sported average pri-ce/earnings ratios of 37, or about double the P/E of the market as a whole. Onefifth of the Nifty 50 stocks had P/Es over 50; Polaroid Corp. had a P/E of 90, McDonald's Corp. a P/E of 60.

The conventional wisdom then became that these stocks were vastly overvalued, and that anyone who bought them as "one-decision" investments, as some were calling them, had to be a fool.

But the conventional wisdom was wrong. In his study, Mr. Siegel assumed an investor bought a portfolio of the 50 stocks in 1972, at the peak of the frenzy, and held them through 1993. Total return for the period averaged 12 percent annually, or slightly better than the mar-ket as a whole and well ahead of bonds (9.2 percent) and Treasury bills (7.4 per-

This is a timely lesson for investors who are thinking about buying shares in great companies at prices that seem high.

If I were putting together a Nifty 50 portfolio to last into the next century, for example, I would begin with companies such as Motorola Inc., which has tripled in price over the past three years and trades at a P/E of 22; Microsoft Corp., at a P/E of 35; Home Depot Inc., with a P/E of 29; and McDonald's (an original Nifty 50 stock), with a current P/E of 20.

Are they overvalued? Probably. But in the long run, their earnings should overcome that drawback, even if the market takes a dive in the meantime.

### Ex-Honda Executives Convicted in Scam

The Associated Press

CONCORD. New Hampshire - Two former executives of American Honda Mo-tor Co. accused of accepting kickbacks in a nationwide scam were convicted Thursday on all charges. Prosecutors said it was the largest commercial bribery case ever.

Dennis Josleyn, once the sales manager of West Coast Honda, and John Billmyer. former senior vice president, were convicted in U.S. District Court of taking bribes from dealers in return for preferential treatment in getting sought-after cars and dealerships, mostly in the booming 1980s.

The bribery and kickbacks in more than 30 states spanned a decade and peaked when Hondas and Acuras were in hot demand and short supply. At times, cars

were sold for thousands of dollars more than the sticker price.

Both men were convicted of conspiracy. Mr. Josleyn, 48. faces up to 30 years in prison. Mr. Billmyer, 65, faces up to five years in prison.

Mr. Josleyn contended that Honda knew of and condoned the kickbacks, but the company denied it. He also was convicted of racketeering and mail fraud for skimming money from sales training and

advertising programs. His lawver said he would appeal.

Mr. Josleyn, Mr. Billmyer and other executives were accused of accepting \$15 million in watches, fur coats, furniture, suits and college tuition from car dealers between 1979 and 1992.

Sixteen former Honda and Acura executives, two former dealers, an advertiser and a lawyer had pleaded guilty earlier to charges that included racketeering, perjury and mail fraud.

Two others have pleaded not guilty and are awaiting trial.

Prosecutors said that American Honda, based in Torrance, California, was the principal victim in the case because it now faces millions of dollars in lawsuits from dealers who did not receive preferential treatment.

American Honda said the convictions "close the book on a painful and difficult period in our history." Honda said it has absolute confidence and trust in the integrity of our thousands of loyal and honest dealers and employees."

### Allied Integrates Domecq, Trims Management

Compiled by Our Staff From Disputcher LONDON - Allied Domeco PLC on Thursday announced the full integration of its Spanish acquisition, Pedro Domeco and surprised analysts by eliminating the

job of David Jarvis, who headed the company's liquor operations. The move brings all Allied and Domeco

liquor brands together 13 months after the British group's £739 million (\$1.17 billion) takeover, bringing Ballantine's scotch and Canadian club whiskey together with Presidente brandy.

The company's stock rose 5 pence, to Hales, chief executive of the parent com-

Analysts were surprised by the depar-ture of Mr. Jarvis, who had spent 23 years with the company. He was a well-known industry figure and had helped build Al-lied into the world's third-largest liquor company after Grand Metropolitan PLC and Guinness PLC.

After the departure of Mr. Jarvis, the Allied Domecq Spirits & Wine division's managers will report directly to Tony

Meanwhile, George McCarthy, president of the spirits division's North American operations, and David Scotland, who is responsible for European distribution,

will join the board. A spokesman said the reorganization was designed to streamline communication and reduce overhead. He said that

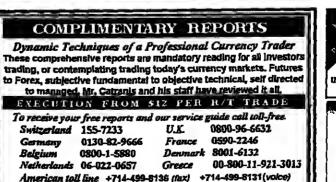
jobs may be cut in the future. The changes will take effect Sept. 1.

(Bloomberg, Reuters)

### **CURRENCY & INTEREST RATES**

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Investor's America

Dollar in Deutsche marks

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Composite

TSF Index

Bovespa

Market Value

IPSA General

Capital General

Nasdaq Composite 868.35

Union Texas Buys Oryx's Alba Field

NEW YORK (Knight-Ridder) - Union Texas Petroleum

Holdings Inc. announced Thursday that it had agreed to buy Oryx

Energy Co.'s 15.5 percent interest in block 16/26 in the North Sea

The block includes the Alba oil field, whose recoverable re-

serves are estimated by Union Texas at 350 million to 550 million

gross barrels of oil. Its current output is more than 75,000 gross barrels of oil a day, and it is expected to reach peak production of

Bennett Buys Sahara Hotel & Casino LAS VEGAS (AP) - The former gaming executive William

Bennett has agreed to buy the Sahara Hotel & Casino in Las Vegas

and 40 acres (16 hectares) of real estate for \$193 million. The deal

was signed Wednesday night. Mr. Bennett, who created a gaming

empire as chairman of Circus Circus Enterprises Inc. hefore

retiring last year, said he planned to rejuvenate the northern end

• Capital Group Cos., a Los Angeles-based fund management

company, said in a filing in France that it holds a 9.14 percent

AlliedSignal Inc. is to buy Polymer & Filament Rudolstadt. a

German maker of nylon plastics and fibers. The agreement was

signed with the German state of Thuringia, which owns the

. Bank of New York Co. said it would buy the corporate trust

business of NationsBank Curp.; the business involves 11.500

accounts, representing \$167 hillion in securities. Bloomberg, AP, AFX

stake in Eurotunnel, operator of the Channel Tunnel.

Polymer's manufacturing site. Terms were not disclosed.

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NYSE

NYSE

U.S.

AMEX

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São Paulo

Mexico City Bolsa

Buenos Aires Merval

Very briefly:

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30-Year T-Bond Yield

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NYSE to Recruit Firms Abroad

By Scot J. Paltrow Los Angeles Time: Service

NEW YORK - Richard A. Grasso. who on Thursday hecame chairman and chief executive officer of the New York Stock Exchange, says he plans to look ahroad for help in overcoming the Big Board's growing competition at home.

Mr. Grasso, 48, succeeds William H. Donaldson, 64, who last year announced his decision to step down. Mr. Grasso hecomes the exchange's fifth chairman since that position became full-time in 1972, and the first to have worked his way up through the ranks of the 203-year-old institution.

Mr. Grasso said his paramount goal is to persuade large foreign companies to list their shares on the NYSE. The reason, he said, is that there are only about 570 companies in the United States that meet the exchange's stringent financial standards few weeks ago from a swing through sever-

change is working hard to lure them and is having a burst of success this year. But he notes that even if all of them suddenly jumped to the Big Board, they would add only about \$440 billion to the combined value of all stock listed on the exchange. That would be a relatively modest increase to the \$5 trillion figure NYSE hit at the beginning of May,

In contrast, the exchange estimates that there are 2,300 non-American companies that meet listing requirements. Mr. Grasso says that if the NYSE eventually lured one-third of them, that would add about \$4.5 trillion, nearly doubling the total market capitalization of NYSE-listed stocks. Currently, 206 non-American companies are listed on the exchange.

Mr. Grasso, other exchange officials and Arthur Levitt, the chairman of the Securities and Exchange Commission, returned a

but are not already listed there. The ex- al Southeast Asian countries, where they touted the advantages of the U.S. securities markets. The NYSE also is working on new technology that would allow simultaneous trading in different currencies of NYSE-listed stocks, a move Mr. Grasso said would make the exchange more attractive to foreign companies.

> The exchange is under pressure to maintain its dominance because of competition from Nasdaq and from off-exchange trading systems and regional stock exchanges. Nasdaq last year began surpassing the NYSE in average daily trading volume, although critics contend that the Nasdau figures include some double-counting. The value of shares traded on NYSE still vastly exceeds the value on Nasdaq.

> But brokerage firms also are cutting into what was once NYSE's exclusive franchise, finding ways to match up their own customers' orders for NYSE-listed stocks without taking the trades to the exchange.

### STOCKS: Bumps in Soft Landing.

Continued from Page 11

strength, rose at an annual rate of 2.7 percent in the first quarter this year - down sharply from the 5.1 percent annualized growth in the last three months

Stocks and bonds soared Wednesday because the GDP report pointed to a soft landing: steady growth, low inflation

U.S. Stocks

and even the possibility of declining interest rates. In recent months, the markets have been interpreting weak economic data as good news. After robust economic

the stock and bond markets. Inflation erodes the value of fixed-income securities such as of 1995. bonds, while interest-rate rises that are used to fight it make borrowing expensive for companies, hurting profits. The Federal Reserve Board raised interest rates 7 times from Febslow growth to a sustainable 2.5

percent annual rate. Recent signs have indicated that the Fed's strategy may have worked. The bond market has expressed optimism that rising inflation is not a danger.

The yield on the benchmark 30-year Treasury bond has declined by about three quarters of a percentage point since the beginning of May. On Thurs-day, the price of the 30-year bond rose 13/32, to 113. The yield fell to 6.62 percent from 6.65 percent.

Some analysts said Thursday's reports suggested the economy was slowing too quickly for comfort, but most Salvs Sal

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agreed that recession was not an immediate threat. "The economy is taking a bigger hit than was expected.

said Robert Dederick of the Northern Trust Co. in Chicago. Sung Won Sohn, chief economist at Norwest Bank in Minneapolis, said a soft landing

could be wishful thinking, the

best we can hope for now is a

bumpy landing, but no crash." Thursday's reports caused some analysts to think the Fed may have to cut interest rates this year. Mr. Levy predicted the growth in 1994, the threat of Fed would act at its August poliinflation was the bogeyman of cy session, when it has a complete picture of how much the economy slowed in the first half

> As investors considered the prospect of reduced interest. rates, they decided that early sales of stocks were overdone.

The Dow Jones industrial average rose 7.61 points, to mary 1994 to February 1995 to 4,472.75, after falling 30 points early in the day. Advancing issues outnumbered declining ones on the New York Stock Exchange by a 6-to-5 margin.

Bruce Bittles, an analyst at

J.C. Bradford & Co., said Thursday's economic reports would have stopped "the stock market in its tracks" if interest rates had not been heading lower.

The Nasdaq Composite Index rose 4.24 points, 10 868.82 as technology stocks showed strength.

Bloomberg, Knight-Ridder, AP)

TROY, Michigan - Kmart Corp. on Thursday added 72 stores to its list of planned closures this year, eliminating

The company said in April that in this financial year it planned to close 196 stores

cated 120 stores, cutting about 7,100 jobs.

return on investment. Kmart does not make those requirements public.

The stores being closed include some that are barely profitable and others that are losing money, said Mary Lorencz, a Kmart spokeswoman. The joh cuts represent about 2.2 percent of the company's work force in the United States, she said.

Donald Keeble, executive vice president for store operations, said in a statement: "As we continue to strengthen Kmart's core business, we will insist that our stores fully meet these investment standards."

While Kmart is closing poorly performing stores, it also plans to open 43 new discount stores and 22 Super Kmart Cen-

ters, which sell groceries and general mer-

Kmart will still have a store in every state after the closings, Ms. Lorencz said. Most of the 33 remaining closings this year will probably be stores replaced right away by a nearby Super Kmart, she said, adding that the closures would not be

announced all at once. The company said the cost of the closings was covered by a \$1.35 billion charge against earnings it recorded in the fourth

Kmart shares were up 12.5 cents at \$12.875 on the New York Stock Exchange.

believed them," said Mr. Broyd

that the administration really

wanted a strong yen to open

Japan's markets. Yesterday dis-

DOLLAR: Currency Traders Remain Wary That Central Bankers May Launch Another Round of Intervention would hurt Japanese exporters will support the dollar, Mr. "No one up until yesterday enough, by making their prod- Broyd said. Economic growth is of National Westminster, "The ucts more expensive, to force perception of the market was Japan to concede to U.S. de-

> "Right at a crucial point in the trade negotiations, the U.S. has sold yen," Mr. Broyd said. "That has given a lot of credicies, the dollar slipped to 1.1600 "That has given a lot of credi-Swiss francs from 1.1670 francs billity to Rubin and the strong

mands to open its markets

The dollar could rise to 1.46 DM in the next two weeks, he Some market participants said. In addition, to the central had speculated that Washing- bank purchases, the "soft-land-

slowing enough to prevent mflation from accelerating but not so much as to push the economy into recession, he said. Growth decelerated to an annualized rate of 2.7 percent in the first quarter from 5.1 percent in the fourth quarter.

fall if future U.S. economic reports, such as the May employment statistics scheduled for release on Friday, point to a severe slowdown, said Mr. Nix-

Close Prev.

### Kmart to Cut 72 Stores and 5,800 Jobs

5.800 jobs.

that were making little or no money and that it had already closed 91. The closures announced Thursday will be made between August and January, leaving the company to shut the last 33 stores by February.
In 1994, the company closed or relo-

The retailer said it was closing stores that did not meet its requirements for

Continued from Page 11

an excellent job of catching the

market off guard.

made many traders wary about selling the dollar despite the

Traders watched closely

outlook for falling rates. The Bundeshank's failure to Many traders had expected cut German interest rates at its the dollar to continue falling hiweekly policy meeting on after it dropped 4 percent against the mark and 5 percent Thursday helped push the dollar off its peaks, traders said. against the ven late last week on Some analysts bad expected the signs that U.S. economic German central hank to cut growth was slowing. With slow rates, a move that could have growth, the Fed may reverse weakened the mark against the course and lower interest rates dollar. to spur the economy, traders

But the central bank purchases on Wednesday, estimated at \$1.1 hillion to \$2.5 billion, again. The dollar rose 2 percent trade talks with Japan.

Wednesday thanks to the central bank purchases, There is "always the threat they could follow it up" with

more, said Ken Nixon, currency Foreign Exchange adviser at Bank of Montreal-Harris Bank in New York Treasury Secretary Robert E.

against the mark and yen on

Rubin and other U.S. officials have been saying for weeks that the Washington favors a strong through the day to see if the dollar and that America is not central banks might intervene using the dollar as a tool in

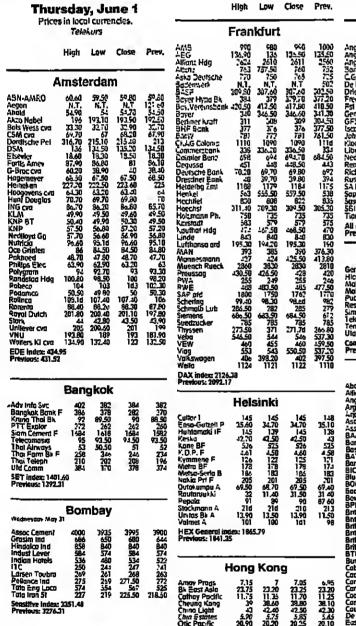
from 4.9730 francs. The pound rose to \$1.5977 from \$1.5875. ton believed that a strong yen ing" U.S. economic scenario on

proved that."

Against other major currenand to 4.9510 French francs dollar policy."

To be some the dollar could (Bloomberg, Reuters)

#### WORLD STOCK MARKETS



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#### **EUROPE**

# Will Show Little Gain This Year

Compiled by Our Staff From Dispatches HAMBURG - Volkswagen AG Chairman Ferdinand Piech said Thursday that car sales were down in North America this year and warned of lackluster sales figures to come in its

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Mr. Piech, speaking at the company's annual shareholder meeting, did not provide a profit forecast but said there would be only a "slight" increase in sales and production this year in Europe and North America,

#### Insurance Gains Bring 11% Rise In Profit at ING

Compiled by Our Staff From Dispatches

AMSTERDAM — Internanonale Nederlanden Groep NV, which rescued the collapsing Barings PLC in March, on Thursday said its insurance operations helped push its firstquarter net profit up 11 percent, to 520 million guilders (\$328.4

million) The Dutch financial services company said that Barings, which collapsed after huge losses in derivatives deals, made almost no profit in the first three months of this year.

ING said pretax profit at its insurance division rose 36.2 percent, to 482 million guilders, as its property insurance unit recovered and its life insurance business expanded.

This rise more than made up for a drop of 5 percent, or 255 million guilders, in pretax earnings for its banking arm.

Clearly, insurance is the mainstay of profit growth," Jaan Koclewin, an analyst with merchant bank MeesPierson, said: They are able to balance one: thing against another and massage away the nasty surprises."

The company said it expect- first-quarter sales, which were ed net profit this year to be "at adown 1.5 percent, at 13 billion least" equal to last year's 2.3 billion guilders.

Losses on ING's securities trading portfolio widened to 101 million guilders from 87 million. (Bloomberg, Renters).

Thursday's 4 p.km. Close
The top 300 most active shares,
up to the closing on Wall Street.
The Associated Press.

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followed by "somewhat better" demand for cars in 1996. Other VW executives have said they expected a slight in-

crease this year from the com-pany's 1994 profit of 150 mil-tion Deutsche marks (\$108 million). The chairman said deliveries of new cars to customers in

North America were lower in the first five months of this year than a year earlier. He blamed Mexico's currency crisis and a slowdown in U.S. economic growth, factors he said would depress VW's sales for the rest of the year.

New-car sales also declined in Germany and the rest of Western Europe, he said. The number of new Volkswagens delivered to customers worldwide rose only 1.2 percent in the first five months of 1995, Mr.

In Europe, VW's Spanish sub-sidiary, SEAT, continued to be a drag on sales and profit, with new-car sales down 16.3 percent in the first five months of 1995.

On the other hand, its Czech subsidiary, Skoda, sold 12.4 percent more cars than during the like period of 1994, and worldwide sales of its Audi cars jumped 23 percent.

Deliveries of new cars in the Asia-Pacific region jumped 38 percent in the first five months. but that region accounted for only 108,000 of the company's million new cars and utility vehicles sold. (AP, Bloomberg, Reuters)

#### ■ Nestlé Hedges Forecast

The chairman of Nestlé SA said he was optimistic about the food company's future, even though currency fluctuations made it difficult to forecast profit and sales for this year, news agencies reported from Lausanne, Switzerland.

Helmut Mancher said at the company's annual meeting that first-quarter sales, which were Swiss francs (\$11.1 billion), would have been up 8.5 percent at constant exchange rates. The · franc has gained 11 percent against the dollar this year. (Bloomberg, AFX) Ministry must set a price range for the shares on of its labor market.

Sales High Law Links Char

### Russia Economy Shows Vital Signs

MOSCOW - Russia's economy is starting to grow after years of painful

decline, but the turnaround has taken longer than expected and inflation is unexpectedly high, the Economics Ministry announced Thursday. Its report on the Russian economy in

the first five months of 1995 said that industrial output and gross domestic product increased in May over levels of both a year ago and a mooth ago. "There are signs that the economy is

in production seen in recent years," the report said. There have been several false dawns for the Russian economy, including a series of official forecasts that output

slowly starting to compensate for the fall

But analysts said that this time things were more promising. Some factories are slowly coming to terms with the demands of a market economy, they said. and monthly inflation rates - 7.5 to 8 percent in May after almost 20 perceot in January - were falling slowly.

The ruble, which fell steadily for most of the first three years of economic reform, has been rising for more than a

The dollar was fixed at 4,958 rubles on the Moscow Interbank Currency Exchange oo Thursday, down from 4,990 oo Wednesday and from its record high of 5,130 setApril 29.

The Economics Ministry said it expected monthly inflation to fall to 4 or 5 percent, still above the 1 percent that

Moscow had promised the International Monetary Fund to win a \$6.8 billion loan.

"We expect price rises to total 4 or 5 percent a month only by the summer of this year and the main problem will be keeping the wave of inflation under control in the autumn." the report said.

Economists said the government would find it hard to resist pressure to bail out farms and companies in the runup to parliamentary elections scheduled for December. The costly campaign to subdue breakaway Chechnya also threatens the budget.

Russia has already received the first part of the \$6.8 billion from the IMF. Further cash is cooditional on progress towards economic stabilization

### **Prosecutor Traces Maxwell Money Trail**

was poised to grow.

LONDON - Two sons of the late Robert Maxwell were aware their companies were in deep financial trouble when stock was removed from pension funds to pay off bank debts, a prosecutor said Thursday.

The pension funds agreed on paper to sell £100 million (\$158.9 million) of stock in an Israeli computer imaging company to Maxwell's interests, but the pension funds never got any of the money. Robert and Kevin Maxwell instead plotted to use the proceeds to bail out their cash-strapped companies, according to Alan Suckling, the prosecutor.

PARIS - Usinor-Sacilor, Europe's biggest

steelmaker, will be priced for sale before the end

of the month, and the sale will reduce the state's

stake to less than 10 percent from 80 percent, the

small group of so-called core shareholders -

including the state-owned bank Credit Lyonnais.

which currently owns the other 20 percent of the

Around 55 percent of the company's equity will be owned after the sale by institutional

investors, Mr. Hudry said, with a majority of that

He said about 15 percent would be sold to the

"If market conditions remain unchanged, the

public share offering should be completed by

general public and 4 percent to 5 percent re-

stake probably remaining in French hands.

served for Usinor employees.

July 4," Mr. Hudry said.

But the executive, Robert Hudry, added that a

company's finance director said Thursday.

During the second day of his opening arguments, Mr. Suckling showed the jury several documents indicating that the Maxwells claimed to bankers that they owned the shares in Scitex Corp.

"You might ask yourself, if you were the trustee of £100 million in pension fund assets, would you hand it over to such a company to let it pay its debts?" Mr.

Suckling told the jurors.

Kevin Maxwell, 36, faces two counts of conspiracy to defraud. Ian Maxwell, 38, faces one count of conspiracy to defraud, as do Larry Trachtenberg, an American financial adviser to the Maxwells, and

nounced oo June 26.

June 12. The final share prices should be an-

Finance Minister Alain Madelin will ask the

Financial analysts have estimated its value at

Unemployment in France fell for the seventh

month in a row in April, the Labor Ministry

reported, but the decline of 22,900 was not enough

to bring the jobless rate down from 12.2 percent.

less total slipped to 3,264,900. It was the largest

decline since France's economic recovery got

under way last year, but the unemployment rate

has fallen only half a percentage point from its

France, which has the highest unemployment

June 1, 1995

peak last reached in September 1994.

The ministry said the seasonally adjusted job-

20 billion to 22 billion francs (\$4.1 billion to \$4.5

billion). They predicted the state would raise 10 billion to 15 billion francs from the sale.

independent Privatization Commission in the next

few days to determine the steelmaker's value,

**Usinor Pricing Date: June 26** 

company - would hold about a 15 percent stake. France's Jobless Total Falls by 22,900

"The premarketing is expected to start June rate among the Group of Seven industrialized

13," he added. "This means that the Ecocomy nations, has often been criticized for the rigidity

Robert Bunn, former finance director with various Maxwell companies.

All have pleaded inoocent to the charges, which carry maximum penalties of 10 years in prison, or fines, or both. The Thursday session before the jury consisted largely of documents showing communications between Kevin Maxwell and Bank of Nova Scotia and National

Other banks mentioned as having troubles with the Maxwells included Bankers Trust Co., Citibank, Goldman, Sachs & Co. and Lehman Brothers.

Lyonnais Cries

'Foul' Over Ads

Agence France-Presse

owned Crédit Lyoonais

symbolic one franc (20

cents) in damages, Societé

Generale said on Thursday.

ing Credit Lyonnais and So-

ciété Generale, a private

bank, has complained the

aid distorted the terms of

competition. So it has tried

to woo away some of Credit

Such a public dispute be-

tween banks is unusual in

France and has led Credit

Lyonnais to complain of

Lyonnais's clients.

The government is rescu-

PARIS - The state-

### Westminster Bank, which became worried

 Boots PLC said a one-time gain and improved sales helped pretax profit for the year to March 31 rise to £849.7 million (\$1.35 billion). from £416.3 million in 1994; sales rose 3 percent, to £4.3 billion. • Repola Oy, the Finnish forest and construction company, plans

Investor's Europe

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to offer up to 30 percent of its Rauma Oy unit to the public at between 70 markka (\$16.22) and 80 markka per share; the sale will raise up to 1.08 billion markka. • Benetton SpA is to design a line of colored pagers to be produced

and distributed by the European paging division of Motorola Inc. . Bank Austria AG said operating profit for the first five months of 1995 was little changed from last year, at 1.6 billion schillings (\$162.5 million); the bank said lending margins and trading profit were under pressure.

· Vietnam has negotiated a trade pact with the European Union that covers commercial and economic cooperation, provides mutual access to markets and guarantees and promotes investment. · Allianz AG Holding of Germany is negotiating to lift its holding in the Swiss insurance company Berner Versicherung to a majority

#### bank has sued Société Generale for "unfair competitioo and misleading advertising" and is demanding a The Music Stops for 'Tango'

HAMBURG, Germany — German readers' appetite for Gruner & Jahr AG said Thurs-news and gossip. day it would close its weekly The publisher was encourmagazine "Tango" without fur- aged by the success of another ther delay and absorb 57 mil-publication, "Focus," publion Deutsche marks (\$41 mil- lished by Burda GmbH.

lion ) in losses. Gruner & Jahr, a unit of the media market in 1994 by being

media conglomerate Bertels- the first weekly magazine to mann AG, said circulation and surpass Der Spiegel in the conadvertising sales failed to meet test for paid advertising pages. Der Spiegel responded by

Stock Indexes

London International Financial Futures prices were not available Thursday due to transmission problems. We re-

Commodity Indexes
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Research 204.60 73

**Spot Commodities** 

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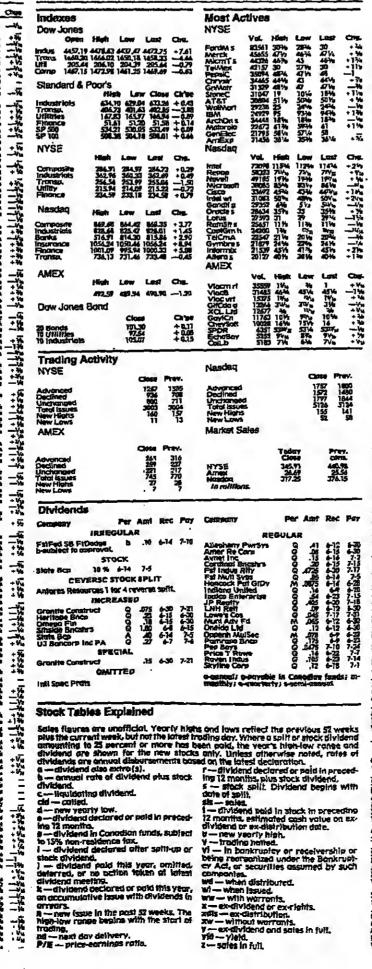
SEP COMP. INDEX (CMER)

middle-of-the-week hole in

Focus shook up the German

### The company launched Tan- adding a considerable amount go last year, hoping to fill a of color pictures and graphics.

### U.S. STOCK MARKET DIARY



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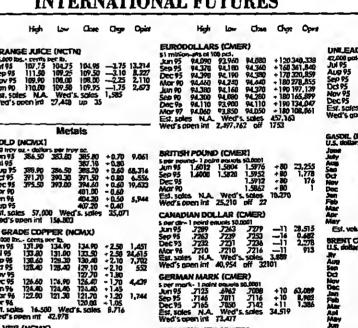
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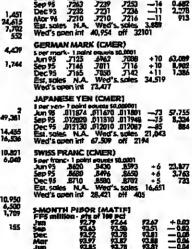
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# Toyota to Cut Job Offerings by 32%

10KYO — Toyota Motor Corp., deepening the gloom surrounding the Job market in Jupan, said Thursday it was hing the number of univer-5115 reduales it would hire next in more than a decade. Separately, Ito-Yokado Co.,

and the second

the supermarket operator, said is had received more than 1,600 plurations for 300 full-time jebs coming available in the autrans. It said the majority were ion adults trying to change in careers or lines of work, an undication that Japan's tradilight of lifetime unemployment : fading further.

The government announced this week that unemployment feet to a record 3.2 percent in april, The rate, low by compartone with America and most of Learning came as a shock to a country that had long prided need on maintaining virtually full employment.

Many economists and analysts, moreover, said there was Werse to come, raising concern allies the economy was falling cack into recession.

I think that's just the beginning of a series of record highs that we'll see," said Don Kimball, senior economist at Mitsu-

Murdoch's Son

Gets STAR Post

# Sega Line Leaving Japan

TOKYO—Sega Enterprises Ltd. of Japan said Thursday it would move production of all its home computer game

systems to other Asian countries to cut costs. The company said it would draw up contracts with factories in China, Malaysia, Taiwan, Thailand and Indonesia and move production there by the end of 1996 because the rise in the yen's value had made manufacturing in Japan too expensive. Sega already makes 59 percent of its home video-

The company said none of its own work force of about 4,000 would be affected, because it currently contracts out production to factories in Japan rather than having its own facilities. The company said it also would seek to move its production

of arcade games abroad.

The worldwide computer game market has become increasingly competitive with the entry of new companies, including Matsushita Electric Industrial Co. and Sony Corp. Sega last month introduced its newest machine, called the Saturn, in the United States. (AP. AFP)

bishi Bank Ltd. "The prospects for new hires is grim and is going to remain grim."

Toyota said it would hire just 140 college and university gradnates for administrative and technical jobs in the spring of 1996, down from 206 this year.

The new figure means the automaker now plans to hire fewer people than in any year since 1982

The cuts reflect Toyota's belief that the stronger yen will force it and other companies to shift more production out of Japan, the spokeswoman said. In addition, a campaign to

increase productivity has cut

the company's need for white-

collar workers, she said. Toyota also said it would look for a capacity for flexible

choosing its new graduate eniployees, implying a further hreak with Japan's traditionally rigid employment policies.

thinking and fresh views in

The environment surrounding husinesses has changed drastically in recent years," Toyotz said, and 11 will seek "creative persons having a questing spirit" both in Japan and abroad.

Until now, Toyota has relied largely on recommendations made by the universities in selecting graduates.

Mr. Kimball at Mitsuhishi Bank said Toyota and other companies were cutting hiring to try to preserve Japan's traditional system of lifetime em-ployment, which makes it difficult for companies to lay off unneeded full-time workers. The job guarantee typically does not apply to part-time or seasonal employees.

But at Ito-Yokado, a spokesman said the worsening employment situation was part of the reason for the overwhelming number of applications it had received but added that it showed Japan's labor force was hecoming more flexible as workers ahandoned the expectation of lifetime employment.

(Bloomberg, AFP)

# Asian Markets Follow Dow Up

HONG KONG - Lachlan Murdoch was appointed deputy chairman Thursday of STAR TV, the Asian satellite broadcaster controlled by his father, Rupert Mur-

Lachlan, 24, is general manager of Queensland Newspapers, controlled by his father's News Corp.

The issue of who will run News Corp. after Rupert Murdoch has been aconcern to investors because Mr. Murdoch, 64, has been the driving force in building the worldwide media empire.

Compiled by Our Staff From Dispatches HONG KONG - Asian

stock markets rose across the board Thursday, applauding Wall Street's record-breaking Wednesday rally.

A 2 percent rise in the Dow Jones industrial average, hopes that the U.S. dollar has seen its low and belief that U.S. interest rates are set to fall all contributed to the buoyant mood, brokers said.

The Tokyo stock market, which has been languishing lately, showed some cautions optimism as the dollar firmed. 157.75 points, or 1 percent, to 2205.03. 15,594.54. The dollar rose to In M

84.90 yen Thursday from 83.25 index rose 20.82 points. or 2 yen on Wednesday.

In Hong Kong, foreign investors helped push the Hang Seng index up 152.36 points, or 1.6 percent, to 9,559.74.

In Singapore, stocks rose after one of its Big Four banks, United Overseas Bank, said Wednesday night it would cut its prime lending rate to 6 percent from 6.25 percent, effective Thursday. It was a positive sign for investors because rates in Singapore had been rising for 18 months.

The Straits Times index rose The Nikkei Stock Average rose 25.67 points, or 1.2 percent, to

In Malaysia, the composite

Richard Jones, bead of research at Baring Securives in Kuala Lumpur, said investors think the Dow has peaked and they're looking for other places lo invest."

In Manila, the 30-share composite stock index closed 30.35 points higher, at 2,802,72. Indonesian stock investors

oined in the huying spree. The Jakarta composite stock index rose 10.50 points, or 2 percent, to 485.78.

Seoul shares rose on support from institutions, although vol-

ume was thin.
(Bloomherg, Reiners)

# Tokyo Draws Fire Over Argument With Rating Firm

TOKYO - The prospect of three large banks being downgraded to the status of junk bond issuers has louched off an unusual argument between Moody's Investors Service Inc. and the Finance Ministry that reflects Japan's tight supervi-

sion of its financial markets. "This is an unprecedented episode which shows to the world that Japanese authorities have not woken up from the dream they enjoyed under the 1940s regime," said Yoshio Shima, a credit analyst at Morgan Stanley Japan Ltd. referring to a periodwhen the economy

under wartime controls. The dispute began when Moody's announced a review last month of its ratings on Nippon Credit Bank Ltd., Chuo Trust & Banking Co. and Hokkaido Takushoku Bank Ltd, because of "significant pressure" on their earnings and capital from volatile market conditions and declining asset quality.

The three already carry the lowest Moody's ratings among Japanese banks, at Baa2 on their long-term debt and Prime-3 on short-term debt. The Baal rating, indicating medium-grade ohligations, is not far above the level at which the securities would be considered speculative, or junk, bonds.

Representatives of Moody's were soon summoned to the Finance Ministry and told there were "incorrect comments" in the rating agency's statement, a ministry official said Thursday.

He said the ministry also objected to an assertion by Moody's that Japan might have to adopt an aggressive policy toward bad bank

dehts that would involve large write-offs or loan-loss provisions, increasing the osses for banks.

The official denied a report that the ministry had threatened in remove New York-based Moody's, one of the world's two largest rating concerns, from its list of recommended rating agencies. which comes up for review in September. But he said the Finance Ministry would meet again "soon" with Moody's

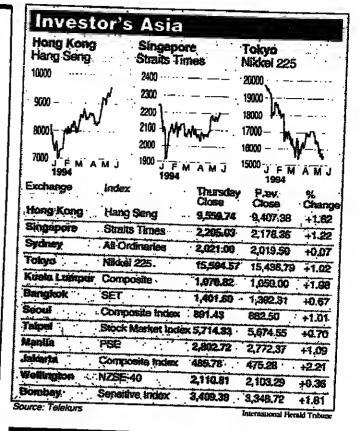
representatives.
The Bank of Japan refused to comment on a report that it also had complained to the Finance Ministry.

Moody's said it could not disclose details of its talks with companies or regulators. It is expected to announce the results of its review of the banks' ratings.

Mr. Shima of Morgan Stanley, acknowledging that governments of ten complain about ratings, said il nevertheless was "rare" for monetary authorities in any country to "make threats against

rating agencies." Concern about the vitality of Japan's financial industry has grown in recent years as stock-market trading has dwindled and companies have shifted operations to other financial centers. Market participants have said tight official controls in Tokyo are part of the problem.

Others also criticized the ministry's attack on Moody's. Susumu Kato. managing director and chief economist at CS First Boston (Japan), said, "The one that has to decide whether credit ratings are fair or not is the market, and the Ministry of Finance must let the market judge. (AFP, Renters)



#### Very briefly:

• Malaysian Airline System Bbd. said its profit before extraordinary items in the year ended March 31 soared to 139.3 million ringgit (\$56.6 million) from £44 million ringgit in the previous year, sales rose 17 percent, to 4.78 billion ringgit.

· Japan rejected a plea from the Philippines to reduce interest payments on its yen loans, which have risen sharply because of the steep appreciation of the Japanese currency.

Singapore banks were expected to follow the lead of United Overseas Bank Ltd., which cut its prime lending rates this week, economists said; three-month Singapore dollar interhank rates have fallen about three percentage points this year, but hanks had refrained from reducing lending rates to avoid fueling inflation.

• Renison Goldfields Consolidated Ltd. said it had gained control of 42.9 percent of Pancontinental Mining Ltd.'s voting shares and had received commitments that would raise its share to 50.2 percent, completing a three-month takeover hattle. Its bid valued Pancontinental at 430 million Australian dollars (\$307.1 million).

• MTV Asia said Singapore's new cable system, Singapore CableVision, would carry its Mandarin and English-language video

 Philippine Long Distance Telephone Co. shelved a plan to subcontract the installation of more than half a million lines in Manila, saying il could do the work itself for less than the six hids it had received because of its tax advantages.

 Morgan Stanley Asia was reprimanded by Hong Kong regula-tors, who charged it had allowed employees to act as securities dealers without proper registration. The Securities and Futures Commission said Morgan Stanley bad cooperated with its inquiry and changed its registration procedures.

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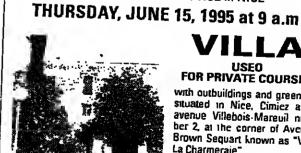
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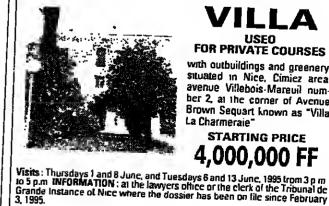
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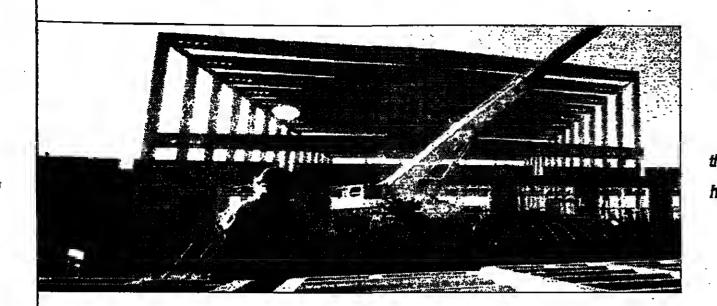
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# EMERGING MARKETS: EASTERN GERMANY



Cumulative growth in gross domestic product of 70 percent over the last five years has given Germany's new states an economy worth 345 billion Deutsche marks (\$240 billion), comprising several core markets. An advanced financial system provides the products and services that circulate this vast and growing mass of income and investment to, through and from the new states. This capital is then transformed into modern production facilities, houses, roads and office buildings by a highly adept commercial investment and real estate sector.

These, in turn, form the components of the business, residential and scientific communities put together by public and private-sector planners

and project development teams.

### DEVELOPMENTS OFFER AMENITIES AND SECURITY, TOO

Commercial property is going strong outside Berlin.

hroughout 1994, Germany's economic planners were watching for a strong takeoff in one sector while hoping for a soft landing in another. The takeoff was hoped for in Eastern Germany's iodustrial sector, the region's laggard during the first few years of reunification. A soft landing was the planners' best realistic scenario for the new states' commercial real estate sector. After four successive years of high-flying growth, it was predicted to run up a glut of completed facilities while running out of investors willing to buy them.

The industrial takeoff materialized, as did strong new demand for commercial property, with investment in real estate rising 21.6 percent in the new states in 1994, according to Deutsche Bau- and Bodenbank AG. The glut never showed up.

A 19.1 percent rise in industrial production in 1994 powered Germany's new states to a 9.2 percent increase in gross domestic product, outpacing even the most optimistic of fore-casts. This growth, in turn, has been one factor keeping the real estate market aloft, albeit at lower altitudes.

"Displaying a great deal of broadly spread buoyancy" was how Germany's Handelsblatt business daily described the real estate sector in the new states in early May. A new in-flux of investors has stabilized rates of vacancy at 10 percent in most major markets. The influx has also pushed prices and total sales of prime commercial properties to a modest rise over the last six months.

According to property developers in the new states, this buoyancy is the result of a new wave of demand.

Better with a

"In our case, I wouldn't call it a second wave, but rather a cootinuation and maturing of the first," says Philip Jones, managing director of Horsham Properties Ltd. A subsidiary of Toronto's Horsham Corporation, the Berlin-based company is the developer of the high-profile Brandenburg Park, located 11 kilometers (7 miles) south of Berlin.

"The new states' growth has led such first-wave investors as Coca-Cola, Total and Ford to rapidly mature, develop and diversify their activities in the region," says Mr. Jones. "In the past, companies had been denied the opportunity to do that by Berlin's congestion and high prices. It is this availability and affordability - coupled with our amenities and our track record - that have attracted investors to move tu Brandenburg Park."

There have been enough investors, in fact, for Brandenburg Park to have already placed 73 percent of its first 81hectare (200 acre) tranche of land. The total of 32 investments amounts to 200 million Deutsche marks (\$138 million), by far the largest recorded by any of the 300-odd developments striving to secure a share of investment from Berlin. At 220 hectares, Brandenburg Park is also the largest development area in the region and in Germany.

Lords of the Ring

Like Brandenburg Park, many of the uther developments are clustered around the Berliner Ring, the city's beltway, and specifically its southern segment, an area which is home to such major corporate investors as Daimler-Benz and BMW/Rolls-Royce, and to thriving cummunities such as Potsdam and Teltow.

"We're partially responsible for this clustering," says Mr. Jones. "In 1991, when Horsham announced that it would set up a park in Genshagen. Brandenburg, the first reactions were: Where's Genshagen? Since then, the area has grown into Berlin's major business artery, very much putting the location on greater Berlin's commercial map."

As they have grown in number, the developments now clustered along the Berliner Ring have also displayed in-

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creasing diversity. Today's Berlin Ring features a plethora of lower-end, "five S" (stakes, signboards, streets, sewage lines and supply of power) developments of varying suc-

The Ring's scattering of upper-end developments has the kind of improvements and amenities expected of international business parks: land-use planning that integrates business needs into the area's ecology and aesthetics, a mix of site sizes and uses, and a full range of transport, telecommnnications and other service links.

Sometimes, however, the developer offers even more. "In a high-end development like Brandenburg Park, investment security is part of the package," says Mr. Jones. "It stems from the developer's adhering to a binding plan as to the development's long-term future, management form, makeup of its surroundings and other items critically affecting the individual investment's value over the long run. This security comes at a premium, but it's a premium our investors seem

top left, construction at Brandenburg Park; above, visitors at Babelsberg Studios;

ight, bicycle-friendliness at

to feel is well worth paying." Supplying these amenities has oot come cheap for Hor-DM in the development over the last four years. It had spent property prospectuses."

two years before that sounding the uncharted waters of the unsettled property market in Berlin and Brandenburg.

"As the numbers and time-scale indicate, this is obviously

not a short-term, shoestring kind of operation," continues Mr. Jones. "Setting it up and seeing it through would only be possible for a company of Horsham's resources." With headquarters in Canada, Horsham is a major international group active in energy, minerals and property development.

For investors, our clinching asset is Horsham's track record," says Mr. Jones. "It's the track record, after all, that sham Properties, which has already invested 100 million provides the weight behind the promises contained in the

### SAVINGS BANKS PROFIT FROM CLOSE COMMUNITY TIES

Cultivating growth at the grass-roots level is the specialty of the new states' savings banks, which have seen loans and deposits mushroom.

one in unofficial circulation in East Germany, the Deutsche mark became the currency of the realm at the stroke of midnight on July 1, 1990. Within the course of the following morning, a frenetic

wave of activity broke out. Over the next few weeks, East Germans rushed to spend, save, buy and sell in their new currency. Ninety percent of this 128 billion DM (\$88 billion) in transaccountry's Sparkassen, or savings banks.

This occurred without any major hitches, even though the Sparkassen themselves were in the midst of their own transition.

Overbaui

On May 18, 1990, the two Germanys agreed to unify their economies. Within a few days, teams of executives and experts from the two countries' Sparkassen organizations had formulated plans for an unprecedented revamping and restruc-luring of the East's savings banks.

Within a few weeks, construction had already started on the first new outlets. Meanwhile, the existing ones were being upgraded and re-equipped with everything from functioning telephones to state-of-the-art fi-

in the use of these new systems. To staff the East's rapidly expanding savings bank network, the first of what would become an additional 26,000 oew employees were being hired. Arriving to help the system carry out these activities were more than 3,000 experts sections took place through the onded from West German savings banks. Acid test Within months, the new

At the same time, the first

of 20.000 Eastern savings

bank personnel had started

extensive training programs

equipment and facilities as well as the new skills and personnel were being put to a prolonged road test. A surging demand for credit and account services by the new states' companies, communities and consumers would boost the saving banks' lending totals eight fold and deposits by over 50 billion DM during the next

Increasing even faster was the range and scale of customer services provided by the savings banks. These have included everything from handling applications from several hundred thousand newly founded companies for federal investment support to maintaining credit card accounts - something nancial transaction net- nonexistent in the Commuworks. Total investment to nist era - for many of the dute: well over 7 billion DM savings banks' nearly 12

four years.

"EMERGING MARKETS: EASTERN GERMANY" was produced in its entirety by the Advertising Department of the International Herald Tribune.

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for a total of 3,800 outlets. million customers. Aside nearly across-the-board io-ties. Our savings banks are from the odd scandal and the odd breakdown, the savings banks have acquitted themselves admirably during the

shakedown period. "The banks have maintained a high, uninterrupted level of services throughout this time of rapid expansion," says Horst Köhler, president of Deutscher Sparkassen- und Giroverband e.V., the country's association of savings and commercial banks. "Equally importantly, the banks have also maintained an extraordinarily high level of solvency during that time."

All of the above achievements are important. The rate of solvency may well be the most significant one for the banks and their communities. To understand why requires a look at the cardinal principle of the savings bank system.

Self-reliance

"We're strictly decentralized," explains Mr. Köhler. "Each of our savings banks manages its own affairs and lives from its own local mar-

This makes for a close, interdependent relationship between the bank and its customers: in a typical East German community, threequarters of the residents are savings bank customers, and the bank handles 40 percent of financial business transacted in the community.

Because of this closeness. and because a number of communities and industrial monocultures have been struggling with the problems of reconstruction, it would not be surprising to find a number of struggling savings banks. In point of fact, these have become a rare species over the past few years. Savings banks show

creases in individual capitaladequacy ratios and reserves - both already very high and very low levels of loan

write-offs. Which raises an interesting question: Have the savings banks managed to partially disengage themselves from their communities'

Locally involved

"Quite the opposite," says Mr. Köhler. "We started out as the most local, most involved of all the banking groups in Germany's new states - and we've gotten more local, more involved since then. In fact, that's the reason we've been flourishing - and one reason for the

progress of our communi-

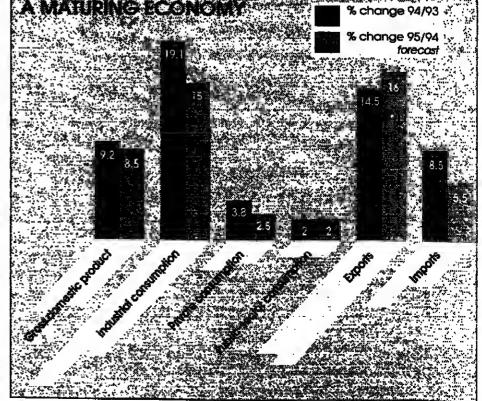
generally managed by people who have spent much of their lives in the local area, people who have been dealing with their customers on a day-to-day basis for a nomber of years. As a result, the managers know their customers' busioesses iosideout, and they know what services and what assistance the customers need to operate profitably. From this expertise, the managers also know how to appraise projects and evaluate the risks involved - essential in the

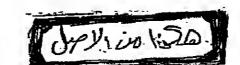
banking business." He adds: "And because local residents are receiving the services they require in the community itself and from people enjoying their trust, their accumulating

wealth is often entrusted to the savings bank, thus staying and working in the com-

As Mr. Köhler is the first to point out, for a bank to manage its affairs independently is not necessarily the same as going it alone.
Through the Landesbanken [central\_state-level credit institutions whose equity is partially held by local savings banks], the new states' savings banks have access to a wide range of advanced services," he says.

Through various regional and national-level programs. some 100 million DM has been spent oo training the banks' executives and staff on the use of the latest technical and market develop-





### A JOURNEY BACK IN TIME • AND INTO THE FUTURE

A new city center near the railroad station is in the works in Potsdam.

or many people, the initial point of arrival in Potsdam is anything but impressive. The Potsdam-Stadt train station area is a nondescript sprawl of tracks and fast-food

For Poisdam's urban planners, the area constitutes an important "missing link." To the station's southeast is Brandenburg's governmental quarter, in which a new parliament building is being constructed, and beyond that lies Babelsberg, with its scattering of villas and parks. To the area's north and northwest, across the Havel River, is the city's historic quarter.

Continuity

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Linking these areas into a continuum will be the Potsdam Center, 18 hectares (45 acres) of apartments, offices, shops, green areas and transport links. Through new and upgraded train, bus and streetcar lines and stations and a bridge over the Havel - the center will "more than live up to its name," says Germanus Pause. He is managing director of LEG (Landes-entwicklungsgesellschaft für Städtebau, Wohnen und Verkehr des Landes Brandenburg), the state's project development agency, responsible for Potsdam Center Entwick-

lungsgesellschaft mbH, developer of the 2.2 billion Deutsche mark (\$1.52 billion) facility, along with Roland Ernst, one of Germany's leading private developers.

Careful restoration

After arriving, most tourists make their way from the train station to downtown Potsdam's pedestrian zone, a bit less than a kilometer away and argnably one of the most beautiful areas in Europe. Painstakingly restored 18th-century shops and restaurants are to be found throughout the neighborhood.

The challenge here stems from the amount of work involved in restoring each 18th-century building - and doing that while installing state-of-the-art infrastructure," says Mr. Kaminski.

An increasing number of tourists, media technicians and executives, and investment specialists head from the station toward the borough of Babelsberg, a kilo-meter and a balf to the southeast. Nearly all of the tourists (500,000 over the last 12 months) come to see Babelsberg Studios, for 84 years the Hollywood of whatever Germany it happened to be part of.

For the technicians and

studios is their daily commute. Studio Babelsberg's initial "development program" includes six major films and two international miniseries.

The studios, in turn, form the core of what is collectively referred to as Media City Babelsberg, whose ulti-mate owner-developer is France's mighty Compagnie Générale des Eaux.

Nurturing talent

In various stages of planning, construction and operation are production, postproduction and office space for young, innovative media companies and local broadcasters; a film academy; a hotel and restaurants; housing units; schools; and office complexes. This all adds up to some 2.5 billion DM in investment and 576,000 square meters of commercial

More commuters will soon be making their way to and from the Kirchsteigfeld district, 4 kilometers south of the city center. At the moment, the 45-hectare district is still the exclusive province of construction crews.

New designs for living The development they are

working on is the brainchild of the Berlin-based Groth + Graalfs. It is being financed executives, the trip to the by an ingenious mix and

Kirchsteigfeld will feature care centers, parks, an office complex and commercial

Recycled barracks

space.

One visitor to Potsdam stayed 46 years. When it completed the process of leaving the city's Bornstedter Feld area in 1994, the Soviet army returned to the city's use 300 hectares of apartment and administration buildings - some of great architectural worth some problems with residual

By 2000, the site, which is within easy walking distance of the Sanssouci palace and



Potsdam is noted for its architectural gems, including the Altes

match of public and private the city center, will be home investments and means. to 10,000 people, an institute of architecture and design, 2,800 apartments (the largest and a technology and incuproject of its kind in the state of Brandenburg) conceived in a variety of designs and director of Entwicklung-sträger Bornstedter Feld,

> Construction of an initial tranche of 600 apartments is set to begin this year, and ecological reclamation is well advanced.

"This project's achieve-ments will play a major role in shaping the future of Potsdam, and this central location is one reason why, says Mr. Haertig. "In the old days, Potsdam's world came to an end on the far side of Sanssouci. Now Bornstedter parks and lakes, as well as Feld is where the new Potsdam's world is going to

#### FINANCIAL ASSET: KNOW-HOW

Tübingen. During his 17-year career in public service at both the state and federal levels, he rose to become of one Germany's most senior international financial officials. Since August 1993, he has been president of the Deutscher Sparkassen- und Giroverband, Germany's association of savings and commercial banks.

Can Eastern Germany's savings banks system serve as a role model for those in Central and Eastern Eu-

The great differences existing between Germany's new states and the countries of Central and Eastern Europe preclude a wholesale transfer of structures or systems. Nevertheless, various organizational skills and operational networks do lend themselves to adaptation and adoption. Our structures may not be easily transferred, but the structure of Eastern Germany's development - and the role played by the savings banks - is highly in-structive and amenable to adaptation.

At its most efficient, development is a decentralized process, occurring within individual economic areas and unfolding according to local givens and needs. This development can't be prescribed, ordained or planned by a centralized body. By providing local development authorities and the local business community with the requisite financial expertise, services and resources, a locally based bank can greatly facilitate its

Born in 1943, Harst Köhler earned a doc- area's development. That's why setting up torate in economics from the University of such banks was so productive in Germany's new states, and why it could also be beneficial for the economic and social development in Central and Eastern Europe.

How efficient are the various forms of assistance provided by Germany's savings bank system to local banks in the new

states? The importance of the large-scale provision of personnel and technical expertise has

been well-chronicled, as has the federal government's supplying of startup capital to the system. Also playing a key, if less-publicized, role was the installation of highly efficient transaction monitoring and operations auditing systems in the new states' banks. By giving the banks a precise, real-time look at their operations, these systems allowed them to forestall many problems.

What opportunities does the new states' financial sector offer?

The supply of venture capital available to the new states' young, high-tech companies obviously has to be augmented and extended. especially since the range of

promising local companies with exciting products keeps on getting longer and longer. This need, and the expertise of American, British and other international venture funds managers, would seem a good match. Any new venture capital funds could tap the increasing wealth possessed by the new states' residents, who have a natural and strong interest in doing their part to foster their re-

#### ECONOMIC BRIEFS

Horst Köhler, president of

Deutscher Sparkassen- und

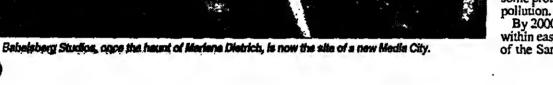
· The new states' economy has a moderating, though still severe problem with unemployment. After three years of abatement, 24 percent of all potentially employable people in Eastem Germany are either unemployed, underemployed, employed in job-creation schemes or enrolled in retraining programs or early retirement schemes. The current rate of unemployment is 13.8 percent, representing a post-reunification

· The new states are proving themselves to be industries in the new states

ket: Statistics show that building supplies (53.2 perwomen have founded nearly one-third of all new companies and professional firms in the new states. Although best represented in the trading and tourism sectors, women have also set up 366 manufacturing and 6,788 skilled trade companies. Also strongly represented in the business community in Germany's new states are holders of non-German passports.

 According to the statistics, the fastest-growing

an equal apportunity mar- are plastics (61 percent), cent), automobiles (35.3 percent) and electrical and electronic products (24.6 percent). Judging by the number of products introduced at major trade fairs. medical technologies, image and industrial information processing systems, environmental engineering hardware and software (including alternative sources of energy and propulsion) and new building and household supplies are the most promising of these ar-



SUCCESS BREEDS SUCCESS IN POTSDAM This community southwest of Berlin has one of Eastern Germany's highest standards of living.

man reunification, the "worry list" for Germany's new states was long. It was topped by such problem-case communities as Bitterfeld, Wismar and Eisenhüttenstadt. The "noworry list" was much shorter. It featured metropolises such as Dresden and resort areas such as Rügen island and the half-timbered town of Quedlinburg. The list was

headed by Potsdam. Potsdam, many agreed, had everything going for it. The city was placed amid a string of lakes, rivers and other appealing features. In addition to a famous name, in Prussian past had bequeathed it some of Germany's most popular tourist attractions and some of its most attractive historic quar-

he benefits of Potsdam's East German past were of omission, not commission. The East German govern-

complexes on the scale of those in Eisenhüttenstadt, for example. From its 44 East German years, Potsdam had inberited large-scale Red Army barracks, some industrial blight and a fair amount of urban neglect -

and not much else. Two decisions made in the course of reunification brought Potsdam its biggest assets: Berlin, Potsdam's neighbor to the northeast, was to resume its role as Germany's capital. Potsdam would be the capital of the unified state of Berlin-Bran-

Over the last five years, Potsdam has proven the pre-dictions right. Powered by economic growth, the com-munity has achieved Eastern federal office of statistics. With the exception of Magdeburg, no local real-estate market currently has a

t the time of Ger- housing and production is realizing higher prices per square meter - than Pots-

> Errnnenus assumptions Over the last five years, ambitious redevelopment projects have transformed the ecologies and economies of Bitterfeld, Eisenhüttenstadt and other communities. In view of Potsdam's strong assets, such projects were obviously unnecessary in Potsdam - or so it might have been assumed.

On the contrary: No less than five highly ambitious renewal projects are under way in Potsdam. They include everything from the comfortable dwellings of Frederic the Great's craftsmen to the cavernous studios of Fritz Lang, Marlene Dietrich and other notables of Germany's highest standard of living - except for the special case of East Berlin - according to the country's sive renovations will be subject to the country's sive renovations will be subject to the country's sive renovations will be subject to the country's sive renovations will be multimedia centers, affordable, avant-garde housing and up-market shopping

Why undertake such a massive, hands-on exercise in urban redevelopment when a "no sweat," hands-off approach might have been suf-

Value of integration

"Had Potsdam adopted a 'rest on our laurels' approach, it would have been quickly outpaced by other communities in the new states - communities lacking some of Potsdam's assets. but with a good stock of enterprise of their own," says Detlef Kaminski, Potsdam's city councillor in charge of business development.

Adds Hans Jürgen Wendl, head of Potsdam's municipal tusiness development office: "Staying at the forefront of the new states' communities has required mobilizing all our assets and resources, and securing capital from both Potsdam and elsewhere. To date, that flow of investment amounts to 12 billion Deutsche marks [\$8.3 billion], enough to create some 45,000 jobs."

complexes.

#### But the question remains: higher rate of turnover - or ment had not built massive

USEFUL ADDRESSES

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Potsdam Center Entwicklungsges. mbH Seeburger Chaussee 2 D-14476 Gross Glienicke Tel.: (49 33201) 270 1 Fax: (49 33201) 274 50

City of Potsdam **Business Development Office** Hegelallee 6-8 D-14461 Potsdam Tel.: (49 331) 289 28 20 Fax: (49 331) 289 28 22

Entwicklungsträger Bornstedter Feld Bornstedter Feld Development Organization Pappelallee 8-9 D-14469 Potsdam Tel: (49 331) 271 98 0 Fax: (49 331) 271 98 19

> Groth + Graalis Kurfürstendamm 62 D-10707 Berlin Tel.: (49 30) 88 09 40 Fax: (49 30) 88 12 20 5

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Trip Home

### **Yankees** Can't Break The Habit Setback in Seattle

The Associated Press The New York Yankees' road-show fiasco ended as it began, with another loss.

Is No. 8 on Trip

In fact, when the Yankees looked at the standings, the re-ality of their recent ineptitude was staring them right in the face: They are tied with the low-

#### AL ROUNDUP

ly Mets in victories with just 13

in 30 games. The latest loss was an 11-9 setback in Seattle on Wednesday night that left New York just a half-game out of last place in the AL East. That left the Yankees with just one victory in their nine-game West Coast swing, and not since 1908 has a Yankee team played worse on a road trip of nine games or longer.

"It's like a tsunami," Wade Boggs said. "I'm just waiting to hit the beach, We've been on

this wave a long time."
Things weren't supposed to be this way for the Yankees. who had the best record in the AL last season, improved at several positions in the off-season, led their division for the first two weeks this season and trailed the first-place Red Sox by just 11/2 games when they

headed West on May 21. But the bullpen blew leads in three straight games in Seattle. and the pitching staff has allowed a total of 44 home runs.



Sister Louisa, as Sister Herman watched at the game in Toronto, put on a headband reading "It's Conehead Time." The headband was given the nun by another fan; the inscription refers to David Cone, who did not pitch against the Tigers.

The disabled list currently includes Jimmy Key, Scott Kamieniecki, Pat Kelly and Tony league team. Fernandez, Paul O'Neill (wrist) and Don Mattingly (eye infection) are still unable to play

Two of the 44 homers were hit by Tino Martinez on Wednesday, the second coming off Bob McDonald in the seventh to give the Mariners a 10-9 lead. Jay Buhner added an insurance run with a homer in the

Red Sox 6, Athletics 5: Boston finished its nine-game road trip with its sixth victory and headed home with a six-game runs,

Reggie Jefferson and John Valentin homered to pace a 14hit attack. Indians 6, White Sox 3:

Cleveland, playing at home. won its fourth straight as Jim Thome and Albert Belle homered and Orel Hershiser had his sinker working, getting 13 outs on ground balls in 72 in-

The White Sox committed three more errors, raising their major league-leading total to 40, and allowed four unearned

Rangers 4, Royals 2: Ivan
Rodriguez hit a bases-loaded double for visiting Texas with two outs in the eighth, ending Kansas City's six-game winning streak and preventing Kevin Appier from becoming the first seven-game winner in the matics.

Brewers turned four double plays in the first five innings and Bob Scanlan ended his three-game losing streak despite allowing 10 runners in the first five innings.

Orfoles 5, Angels 3: Jeffrey Hammonds and Harold Baines humered against California and

Appier took a 2-1 lead into the eighth, but gave up a two-out single to Jeff Frye, then walked Will Clark and Mickey Tettleton before Rodriguez doubled down the left-field

Brewers 8. Twins 1: Greg ing a three-run rally with two Vaughn homered for the second outs in the eighth that got Tostraight day in Milwaukee, the ronto past visiting Detroit.

that is 8-1, has saved six games Diego for a second straight in as many chances, and that game, after losing eight of its has four pitchers with ERAs previous nine.

hamered against California and

Balumore's Ben McDonald fi-

nally got his first victory of the

season, in his seventh start, as

he went eight innings and al-

lowed six hits with nine strike-

outs and no walks.

TO THE CONTRACTOR OF THE CONTR

innings as the Astros beat the Florida Marlins, 7-4. Houston is five games behind Chicago and Cincinnati.

The Associated Press

ages above 5.00.

Dougherty, a rookie who had out 10 in 6½ innings.

115 saves in his four-year minor Expos 5, Giants 4 league career, struck out Andre Alou's two-run homer in the Dawson with the bases loaded sixth in Montreal ended San in the fifth inning to keep the Francisco's three-game winning Astros' lead at 6-4.

Hudek, claimed off waivers fifth in five chances this season with a one-bit ninth.

The Astros were led offensively by Derek Bell, who went over five starts. 3 for 5 with two RBIs, and forwho drove in two runs.

nati won its ninth straight game and 19th in the last 22, but hitting streak to 15 games as Deion Sanders sprained his left Los Angeles ended a five-game ankle trying to steal third base with a six-run lead in the sixth inning in Pittsburgh John Smiley (3-0), threw a seven-hitter.

Rockies 5, Cardinals 3: Larry Walker homered doubled and of the year. Todd Worrell

Blue Jays 5, Tigers 3: Shawn Green hit a two-run homer dur-0-for-24 slump and moving the 10th, but escaped for his Colorado within a half-game of fourth save.

# Team in Contention

first-place San Francisco with a

Jeff Bagwell is hitting below victory at St. Louis.

200, Doug Drabek and Greg
Swindell have earned-run averter Chris Jones hit a three-run
ter Chris Jones homer in the bottom of the The only thing keeping the Houston Astros within shouting distance of the NL Central a homer in the top of the ninth. lead is an unheralded bullpen as New York beat visiting San

below 2.00.

Jim Dougherty, Todd Jones and John Hudek were the stars in relief Wednesday night, allowing two hits in 4½ shutout doubles in Chicago. Atlanta's inning to the Assess in the Assess Sanchez broke open a close game with seventh-inning RBI doubles in Chicago. Atlanta's

#### NL ROUNDUP

Steve Avery lost despite striking Expos 5, Giants 4: Moises

streak.
The Giants' Matt Williams from Detroit in 1993, had 16 went 3-for-4 to improve his NL-saves last season — his first in the major leagues. He got his fifth in five changes the same the same statement of the eighth, but

was stranded at third. Terry Mulholland (2-5) suffered his fourth straight loss

3 for 5 with two RBIs, and former Marlin Dave Magadan, who drove in two runs.

Dodgers 4, Phillies 1: Rick Parker singled home the go-ahead run in the 10th and Eric Reds 11, Pirates 1: Cincin- Karros followed with a two-run

Walker homered, doubled and of the year. Todd Worrell drove in three runs, ending an walked the first two batters in

# Astro Bullpen Keeps Sweden Tied, By Iceland in Europe Match Compiled by One Staff From Displaches

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STOCKHOLM - World Cup bronze medalist Sweden only managed a 1-1 draw against Iceland in a Group 3 soccer qualifier Thursday, virtually killing its chances of gaining the European Champiachin finals next year. onship finals next year.

Iceland, winless and last in the standings, shocked the Swedes by taking the lead two minutes into the game, when striker Arnar Gunnlaugsson curled a free kick around the wall and past World Cup hero Thomas Ravelli.

It was the only shot on gold the defensive-minded leclandic team would get in the game. It had not scored in three previous qualifiers.

Midfielder Tomas Brolin, re-turning to the stadium where he broke his left ankle in a Nov. 16 qualifier against Hungary, scored for Sweden on a penalty shot in the 16th minute.

· Intense lobbying by South Korea and Japan has formed FIFA to bring forward the date for selecting the host for the 2002 World Cup finals.

"If all the planning documents have been submitted and inspection of facilities carried out, then we will very probably make the decision in January or February," a FIFA spokesman said Thursday.

"The lobbying is very intense and causing bad feeling all round, so we feel it would be better for everyone if a decision was taken as soon as possible," he added.

FIFA had planned to select the first Asian host for its World Cup in June 1996.

#### SCOREBOARD

Major League Standings AMERICAN LEAGUE

NATIONAL LEAGUE

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Wednesday's Line Scores

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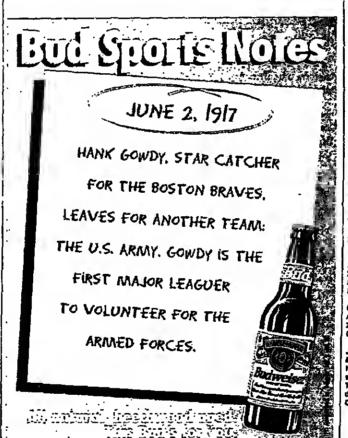
**PEANUTS** 

DON'T FOLLOW ME!

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#### BASKETBALL

**NBA Playoffs** 

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#### TRANSITIONS

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CALIFORNIA-Optioned Educado Perez

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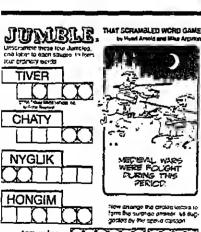
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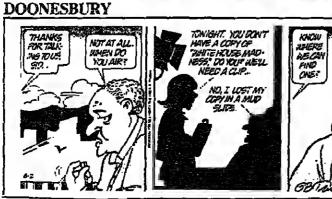
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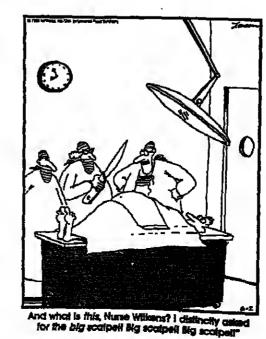
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### In the Rugby Cup, A Potion of Hope

TOHANNESBURG - The British invented rugby, the French treat it as a strenuous art and the New Zealanders worship it, but nowhere else could the sport be more important than it is here

during the Rugby World Cup.

Here, where the majority of people couldn't care less.

It is becoming clear that the 31-day tournament, now just nine days old, is becoming a campaign for national unity. Every day brings another color picture on a newspaper's front page of the white South African captain, François Pienaar, posing with Archbishop Desmond M. Tutu or with black children in a township. Even more apparent are the editorials that began shortly after the all-white South African team upset defending champion Australia to begin the tournament last week. That game brought the country together, the white press has reported daily; while editorials in the black press have congratulated the effort and thrown their voices behind the cause.

Perhaps those black Africans nearby the Newlands Stadium last week were caught up in the festivities, and were happily quoted in the newspapers. But who can say that the non-white South Africans, representing 87 percent of the country, have fallen suddenly in love with the mascot of apartheid? Surely rugby



calls to mind all of the current problems - that the whites (wbom rugby represents) are that almost half of the popula-

tion doesn't hold a formal job, and that 46 percent of black adults cannot read, all of which has resulted in record levels of violent

Those black Africans who are able to work regularly are not likely to be envied by the rugby Springboks' more traditional fan base. These are generalizations, but the eyes do not lie: Black people work alongside the highways, in the kitchens and the laundries; they clean the rooms and serve the meals; they stand stuffed onto the backs of pickup trucks on the dangerous road to work, and they died in the mine disaster last month. There have to be many exceptions, and more opportunities every day; but the phantum pain of apartheid still seems real when one pretty restaurant after another is found patronized by whites and served

At first glance, then, the presentation of the national rugby team may look like a sham campaign. But clearly it isn't. It is as sincere as politics can possibly be. Like so much of the hope in this country, it is tied to the moral leadership of President Nelson

The truth about rugby is that it is popular among blacks along both coasts. They embraced it as soon as the British came along with it. "Then the white community started establishing themselves and bolding dear to certain sports," said Dan Moyo, national development officer for the South African Olympie Committee, "Rugby became a white sport, soccer became a black sport. People started protecting what they thought was theirs. The truth is that no one owns sport. It is for everyone.

Announcing that he had been assured that this would be the last all-white team to represent South Africa in the World Cup, President Mandela came to support the Springboks — like a father hearing his sons promise they will never do wrong again. "I have never been so proud of our boys as I am," he said on the eve of the big game. This is bow the president has avoided a race war. When the whites were in power they were hated; now, by compari-

son, the feeling is closer to love. The support for rugby from the black community seems to have begun with the sight of the new South African flag being waved throughout the white-occupied stands. The last time South Africa f. d played such an important match at home, to mark its 1992 return to international rugby, the white players and fans had defied unification with a bellicose performance of "Die Stem," the Afrikans national anthem. The significance of rugby is that it bas always expressed the white man's mood. Three years agn the whites wanted nothing to do with the new world and, perhaps coincidentally, they played an outdated game of rugby that day and were routed by New Zealand.

T HREE YEARS LATER, just last week, the new team of white South Africans invited the entire world to the game. The day began with a vast musical ceremony of unity, an invitation by Mandela, and the singing of the new dual national anthem by the players themselves. The surroundings of the game were more important than the game itself — the only way to unite more

people around a racially-exclusive team.
Yet to imagine that Africans would jump in line just because a team of whites had won a "European" game would be to view them through the olo patronizing lens of apartheid. No doubt many Africans are concerned about being seen in that way.

Even if it cannot possibly take hold so quickly, the campaign by leaders in rughy, government and the media to unite the nation is more stirring than the games themselves. In being big men about it, the African leaders are also slapping backs with the whites who still hold economic power. Meanwhile, the white crowds in conservative Bloemfontein and Rusteaburg have been openly supporting the underdugs from Japan and Ivory Coast, the latter an all-black team from northwest Africa.

Probably there is an agreement to put on a happy face for the visiting world, which hadn't come calling for more than two decades. But imagine if the national team keeps winning, with South Africa becoming a world champing on June 24 and Nelson Mandela leading the celebration - it may be more than hope then. The color of a racist sport may truly change before our eyes.

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For the 5-foot-9 Michael Chang, the extra inch on his racket makes a big difference.

### It's Quite a Racket, but It **Serves Chang Quite Well**

By Christopher Clarey Special to the Herald Tribune

PARIS -- On one side of the net was the unseeded Daniel Vacek, a long tall, drink of pilsner from Prague measuring in at 6 feet, 3 inches (1.91 meters). On the other side was the sixthseeded Michael Chang, the breathtakingly quick American measuring in at 5-9.

This was nothing new for Chang, who would reach the third round of the French Open with a four-set victory. Since turning professional in 1988, he has grown accustomed to being the circuit's little big man. The difference now is that he is not giving away inches in every de-

Vacek might have been the taller man on Court 1 Thursday, but Chang's racket was longer by exactly one inch (2.54

The racket, which measures 28 inches instead of the customary 27, represents the manufacturers' latest attempt to reinvent an instrument that has come a long and profitable way since it was made of wood. Next came rackets of metal; then rackets with larger heads; then rackets of space-age composites thicker frames, which came to land's emotional and erratic be known as "widebodies." Marc Rosset, the 16th-seeded

perate and (soon-to-be) heavily marketed attempt to revive sag-ging sales. The principle is straightforward: a longer racket means more leverage, hence more power; a greater reach means fewer winners for the opponent. International Tennis Federation rules permit rackets measuring up to 32 inches but, until recently, the only extralong prototypes were too heavy and unwieldy to catch on.

Now comes Chang, a think-ing person's player who is seldom hesitant to experiment in the quest for an edge. He has been using a longer version of his longtime racket for nearly 18 months and keeping it fairly

During that time, his ranking has risen from No. 8 to 6 and his serve, never his strength in the past, has become noticeably more forceful. In 1993, he served 256 aces and won 69 percent of the points when he got his first serve in the court. In 1994, those figures jumped to 366 aces and 72 percent.

"It's made a major difference on my serve; I get a lot more pop and a lot more accuracy, and it hasn't hart my ground-

strokes," he said. Though Chang, who also has made technical adjustments to his serving motion, was successful Thursday, the only other top player to use a long racket, Gilbert Schaller of Austria, did not fare well. A day after ousting No. 2 seed Pete Sampras in the first round, Schaller failed to slam the door on Australian qualifier Scott Draper, a conge-nial left-hander ranked 135th in the world.

Schaller won the first two sets and served for the match at 5-4 in the third, but, after squandering a match point, lost the would squander two more another Grand Slam title.

match points in the fifth set. Whether the longer racket will

"Against Sampras I had nothing to lose," he said. "To-day, I expected to win and I never felt set with my game the whole match."

All in all, it was a come-down day for giant killers. Mikael Tillstrom, the Swedish qualifier Ivanisevic, also lost in the second round, falling to Germany's bard-serving Bernd Karbacher, 9-7, in the fifth set.

to lose Thursday was Switzer- et."

The question now is whether man, who was beaten by Ferlonger rackets are the next big nando Meligeni of Brazil, therething, or another slightly des-by putting a further hole in the perate and (soon-to-be) heavily bottom half of the draw that already was without Sampras.

Other than that, the seeds moved on into the third round with varying degrees of difficulty. Those who struggled included Mary Pierce, who played a jittery first set before disposing of Germany's Christina Singer, 7-5, 6-0; and Sweden's Magnus Larsson, who needed four tough sets to get past Hendrik Dreekmann, the player whom he railied to beat in last year's quarterfinals. Martina Hingis, the unseeded 14-year-old from Switzerland, also held on to beat Mariaan De Swaardt of South Africa, 6-1, 6-7 (3-7), 6-2.

Those who cruised included Arantxa Sanchez Vicario, Iva Majoli, Sergi Bruguera and Bo-ris Becker.

Perhaps most impressively. Michael Stich, after winning a first-set tiebreaker, had his way with Stefan Edberg, the former world No. 1.

Edberg, now 29, is no longer the dominant, attacking player he was several years ago. His serve has lost some sting; his volleys are no longer as crisp and his nerves have begun to fail him on crucial points. For the first time since the 1984 U.S. Open, he came into a Grand Slam event unseeded.

"Everybody keeps asking about retirement," Edberg said after his 7-6 (7-3), 6-3, 6-2 defeat, "It's going to come at some point. O.K., things haven't been going great, but at least the last couple of weeks, I have been enjoying what I'm doing and playing well again. I still have hope of winning another Grand Siam, and as long as I feel that way I'll keep going. I will play this year and next, and that's all

Chang, who stunned Edberg to win the French Open in 1989 third set in a tiebreaker. He at age 17, is also still hoping for help him do it is debatable. What is not is Chang's belief that the change has improved his game. And in a fiercely competitive sport where the psychological edge often makes the difference between early-round loser and final-round hero, any boost in self-assurance can translate to better results be tween the long white lines.

"I definitely think the racket has helped," Chang said. "But I'd be kidding myself and you if The only high-profile player I told you it was just the rack-

#### Cup in Scoring The Associated Press

# Hastings Leads O'Neal Puts Magic Up, 3-2

### Pacers, 14 Down, Rally but Fall Just Short

JOHANNESBURG - Scotland's captain Gavin Hastings, the all-time leading Rugby World Cup points scorer, has gotten 30 more than anyone else so far in the 1995 tournament,

After 16 matches - balf the total for the month-long, 16nation competition — Hastings has five tries, 10 conversious and 10 penalties for 75 points. That includes a World Cup record 44 in the 89-0 demolition of Ivory Coast, and 31 in the 41-5 triumph over Tonga.

· He entered the tournament with 123 World Cup points, third on the all-time list, and now has shot past Grant Fox of New Zealand and Michael Lynagh of Australia into first place. Thierry Lacroix of France

has 45 points on four tries, five conversions and five penalties, while England's Rob Andrew is third with his 11 penalties, 1wo drop goals and one conversion. Hastings, who bas played in

all three Rugby World Cups, and Lacroix go head-to-head on Saturday in the match that will decide first and second place in Pool D.

There have been 97 tries, including three penalty tries, so far, with Hastings the leading try scorer at live, one ahead of Lacroix and two ahead of George Harder of Samoa and Gareth Thomas of Wales.

The scoring so far (tries, conversions, penalties, drop goals,

Govin Hostings (Scotland) Thierry Lacrola (France) Rob Andrew (England) Andrew Methylens (N. Zeolas Darren Kellett (Samool) Nell Jenkins (Wales) Michael Lynagh (Australia) Gareth Rees (Conada) Joel Stransky (South Africa)

ORLANDO, Florida - Shaquille O'Neal not only stayed in the game, be dominated it. Although that almost wasn't

O'Neal's 35 points and 13 rebounds helped put Orlando one victory away from National Basketball Association's final as the Magic held off the Indiana Pacers, 108-106, Wednes-day night to take a 3-2 lead in the Eastern Conference final.

After two foul-sbortened games in Indianapolis, O'Neal took charge of this one, scoring 20 points in the first half and 13 in the third period.

"I just wanted to play aggressive, to play my game, take it strong to the basket," be said. straight, Game 7, if necessary, "And I did that." would be played Sunday in Or-But his big night was nearly Rik Smits, whose buzzer

for naught as Pacers rallied from a 14-point deficit to make beater made him the hero of it 106-103 with 16 seconds left. Game 4, was the center in foul The Magic held on despite sinktrouble this time. He departed with 3:44 to go, having scored 20 points. Reggie Miller and Derrick McKey led the Pacers

NBA PLAYOFFS

ing only 4 of 12 free throws in the last 3:44. "We made a lot of silly mistakes down the stretch," O'Neal said. "But we kept our composure there, especially at the

Orlando can win the series in six games on Friday night at Market Square Arena in India-napolis, but that is a building in 30.9 seconds to play made it 105-100, but as the Pacers have which the Magic have lost eight shown throughout the playoffs,

#### **SIDELINES**

#### Walton and Cejka Share Golf Lead

COVENTRY, England (AP) - frishman Philip Walton, who doesn't particularly want to play in the Ryder Cup, took a step closer to qualifying Thursday with a 7-under-par 65 that gave him a share of the first-round lead at the English Open.

Walton chipped in from 30 feet at the par-3, 210-yard 18th, tying Alexander Celka of Germany. Australian Peter Senior was

one stroke back in third.

The Czech-born Cjeka, who won his first European PGA Tour title Spain in March, also finished with a 2, hitting a 3-iron to six feet.

#### Tour of Italy Fans Buried in Snow

CUNEO, Italy (AP) — Snowslides Thursday buried a crowd of cycling fans along the route of the Tour of Italy, injuring 10 people

but none scriously, police said.

Rescue teams aided by dogs dug out at seven fans as well as cars in the Colle Dell'Agnello, at the 2,500-meter (\$,000 foot) level, which was blanketed by snow on Wednesday.

The bad weather led organizers to shorten the route, ending Thursday's stage in Chanale, instead of Briancon, France. The tour ends Sunday in Milan.

#### For the Record

World Bowl '95, the championship game of the World League of American Football, will be held at Amsterdam's Olympic Stadium on June 17. officials announced.

ficials announced. (AP)

Dave King, his team eliminated in the first round of the NHL playoffs for the third straight r, was dismissed as coach of the Calgary Flames. (AP)

Brian Shaw blew two free throws before Jackson, hesitating behind the arc and appar-

with 2I apiece, and while Mark Jackson got 19 and wished it

Indiana, down by 104-90 with 4:21 left, scored 10 straight

points capped by Jackson's 3-pointer with 1:05 left. Anfernee

Hardaway's free throw with

O'Neal, who had missed four

free throws during Indiana's spurt, rebounded Jackson's

miss with 22.7 seconds left. Af-

ter two timeouts, Hardaway

went to the line but made only

one foul shot, and McKey fired

in a 3-pointer with 16 seconds

left to cut the lead to three.

they don't go down easy.

ently looking for Miller, missed a 3-pointer. Hardaway got the rebound, then finally made two free throws together. Miller sank a 3-pointer at the buzzer. • Rejecting last-minute bids by Benetton Treviso and other

Italian clubs, center Stefano Rusconi has announced in Treviso that he will join the Phoenix Suns to become the first Italian to play in the NBA "I'm going to Phoenix, know-

ing that I'll start from zero, that I'll have to work very hard, that it may take one year before I get used to the NBA," he said after taking "a final decision about my transfer."

The 27-year-old, 6-foot, 91/2-inch (2.07-meter) Rusconi has reached a general agreement for a three-year contract with the Suns. The contract would be

### Results of Thursday's Matches

Wemen's Singles, Second Round Iva Majali (12), Crastia, def. Maria Jose icidano, Argentina 6-1, 6-1). Arantxo Sanchez Vicario (1), Spain, def. Germany, 6-4, 6-3, Kalarzyna Nowa

Ratorzyna Newek, Pokasd, del. Moredith McGrath. U.S. 6-2. 1-6. 6-2. Chanda Ruble, U.S. del. Meike Babet, Germany, 6-3. 6-2. 3-2. New York of the Resubble. del. Petra Schwarz-Riffer: Austria, 6-4, 6-3. Lindary Devenant (7), U.S. def. Sandring Testud, Franca, 6-2, 7-3. Mary Pierce (1), France, def. Christing Singer, Germany, 7-5, 6-0. Shifting Wang, Tatwan, def. Elong Ulkhoytseyn, Russia, 6-1, 6-2. Anna Sanashnove, Israel, def. Debble Grohau, U.S. 6-3, 6-4. Fiorancia Labet, Argentino, def. Daminique

ionami, Belsium, 1-6, 6-2, 6-8. Joiane Watmabe, U.S. def. Leo Ghirordi, France, 6-1, 2-6, 6-4. Kimiko Dale (9), Japan, del Virginie Balsson, Pronce, 6-2 6-1. Mortina Himpis, Switzerland, del. Mariaan De Swardt, South Africa, 6-1 6-7 (3-7) 6-2,

Rugby World Cup in Brussels PAPA JOE'S Sportsbar & Grill Archimède 55 - 1040 Br Tel: 32 2/732 77 77

signed early in July, said Rus-Sarah Pilkowski, France, 4-3, 4-0. coni's agent, Toio Ferracini. INTERNATIONAL CLASSIFIED

(Continued From Page 4)

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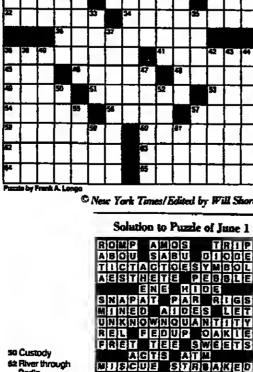
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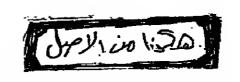
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#### **POSTCARD**

### Doo-Wop, the Musical

By David Gonzalez New York Times Service

NEW YORK — Don't tell TEW YORK — Don't tell 'Grease' or 'Happy Days,' 'Grease' or 'Happy Days,' 'Simon said. 'I'm talking about neighborhood street-corner nonsense syllables. The group music that was influenced by all harmonies of doo-wop music the great early-bird groups. make some serious sense to him and the members of his a cap-

ture that makes things beau-cited more contemporary mutiful," said Conde, a 20-yearold Brooklynite who likens his Men or the Barrio Boyz. As art to a musical collage, they awaited their turn onstage, "There's no other expression like vocal expression. You can play a trumpet or sax, but when you blend with others, it's something else.'

Khulaje and about four dozen other young vocal groups spent Wednesday at the Nederlander Theatre earnestly singing about teenagers in love. going to the chapel and the still of the night as they competed for a \$5,000 prize and a chance to appear in "The Capeman." an upcoming Broadway musi-cal by Paul Simon and the writ-

The play takes its title from the infamous Cape Man mur- tet. "We have our release with ders in 1959, when two Puerto music." Rican teenagers stabbed to death two white youths in a Hell's Kitchen playground. Salvador Agron, the 16-year-

old who was dubbed the Cape Man because he wore a redand-black cape when he committed the murders, escaped the South Africa (Cape Town) or electric chair and was eventually released from prison in

A few years after Agron died in 1986, Simon began develuping the idea for the musical, which would feature traditional Puerto Rican musie — plenas and bombas — and '50s-style street harmonies popularized by groups like the Orioles, the Ravens and the Flamingos.

"People don't know what

because it was being presented in popular culture through

pella quartet, Khulaje. Many contestants, who were 'It's really about this admix-between 13 and 20 years old, sical influences like Boyz II clusters of singers worked out harmonies in hallways, alleyways and, in the best doo-wop tradition, the bathroom. Mothers urged sons to stand close to the microphone, and singers dusted off glossy portraits just in ease. Different groups challenged each other on high notes as they troited our songs honed in hours of gospel-choir prac-

> One member of the winning group, Mid-Nite Harmonee, credited his church background with helping him develop his talents. "We're fine because we believe in God and the church," said Ken McLendon, who sang with the Bronx quar-

Few of the young people at the auditions knew much about the real-life Cape Man murders in Hell's Kitchen. Some thought the play was set in somebody's kitchen. Some found quaint the idea of a city being shocked by two dead

Today, 'people would freak out over a bomb,' said Mark Alston, 14, from Brothers of Smooth Sound, a Bronx trio. When two kids shoot each other, that's probably the least of their worries. It would hurt their families, but not anybody

## After the Fall: A Comeback for David Lynch?

By William Grimes
New York Times Service

NEW YORK — It has been very quiet out in David Lynch land. For nearly three years, the dancing dwarfs have been idle. The Log Lady's log, a popular figure in its own right during the heyday of "Twin Peaks," Lynch's guerrilla assault on mainstream television, lies in a safedeposit box, drying out.

Since the summer of 1992, after the film "Twin Peaks: Fire Walk With Me" was shredded by the critics, Lynch has been lying low. The di-rector who seemed to be everywhere

The new film ends a restless, rather frustrating three-year period for Lynch.

in the late 1980s and early '90s, when the film "Blue Velvet" and the series "Twin Peaks" worked their magic, suddenly was nowhere.

Signals are being sent out over the Lynch frequency, however. The French company Ciby 2000, which financed "Fire Walk With Me," reeently announced that Lyneb would begin shooting a new film in the fall, the first in a three-picture deal with

The film ends a restless, rather frustrating period for Lynch. "I was working on a lot of different things, looking for something to fall in love he said in a telephone interview from Los Angeles. "A lot of things I started writing and lost interest in, and that's part of the prob-

lem of the last few years."
Lynch was guarded when talking about the new film. The title is "Lost

Highway."
The script is by Lynch and Barry Gifford, who wrote the script for Lynch's 1990 film "Wild at Heart." He refused to describe it any further. On the other hand, Lynch films tend to be indescribable anyway, a terest strange mixture of bright and sunny takes on small-town life interspersed the Palme d'Or for best film at the world. It was hissed at Cannes, no

with hallucinatory passages that seem

like dream sequences The chairman of Ciby 2000, Jean-François Fonlupt, called it "a typically Lynchian love story." Lynch balked at that description. He conceded that there might be love run-ning around somewhere in the film. "But it's not a love story."

It will get made, however, unlike several recent projects that turned out to be false starts.

The script for "Mulholiand Drive," which Fonlupt called "a love story inside a thriller," was never finished. Lynch did finish "Dream of the Bovine," which he called "an absurdist comedy," but Ciby 2000

passed on that one.
"I was doing a lot of writing and reading, trying to find something to get me going, but I couldn't," Lynch

He rooted around in the mystery genre, looking for material, with no luck. "I like things that leave some room to dream." he said. "A lot of mysteries are sewn up at the end, and that kills the dream."

To keep his hand in as a director, he

made television commercials for Karl Lagerfela, for Gio (the perfume by Armani), for a coffee drink that Coca-Cola markets in Japan and for Alka-Seltzer Pios. He directed a teaser trailer used to market Michael Jackson's "Dangerous" album. He painted, took photographs and built fur-

If Lynch hunkered down, who can blame him? "Blue Velvet" and the first half of "Twin Peaks" made it seem as if he could do no wrong. In the waning years of the Reagan era, he struck psychic pay dirt with his dark, surreal probes beneath the surface of small-town America. "Lynchian" looked set to displace 'Kafkaesaue

After 1990, however, it seemed as though he could do nothing right. The complaints began with the later episodes of "Twin Peaks," a series that lingered far too long, lapsing into a mannered surrealism along the way as Lyneb himself seemed to lose in-

"Wild at Heart," although it won



Off the wall with David Lynch at his Hollywood home.

Cannes Film Festival in 1990 and small achievement. In the United earned a respectable \$14 million in States, film critics who sat through it the United States, struck some critics as erratic, self-indulgent and despite some inspired moments, pointless.

The worst was yet to come. With Mark Frost, his partner on "Twin Peaks," Lynch produced "On the Air." a situation comedy about live 1992. It inspired very little laughter ed States. and disappeared almost immediately from the tube.

Lyoch followed up with "Hotel Room," a 90-minute dramatic trilogy on Home Box Office for which he directed two episodes. Il was

The nadir came with "Twin Peaks: Fire Walk With Me." A two-hour-14-minute prequel to the television series, it brought out the beast in red-disturbing, to be sure, but if you love

left theaters and screening rooms thirsting for vengeance.

'It's not the worst movie ever made; it just seems to be," wrote Vincent Canby in The New York Times. "Its 134 minutes induce a state of simulated brain death." The television that was shown in June film grossed \$4.1 million in the Unit-

> Lynch said that he still loves the film, but he understands the reaction.
> "The film was in the "Twin Peaks" from the feeling at the time we fin-ished it. People had had enough." will always be, who's willing to take the risk?"

He was philosophical about the critical drubbing he received. 'It was blooded film critics all over the a film, it's not so bad," he said. With film, you go into this dark place, world. It was hissed at Cannes, no "With 'Dune,' I knew the film was and you have to let go a little bit."

the bad reviews were a double

blow." If Lynch dropped out of sight, he was present even in his absence. The Lynch tone and manner found its way mto the work of filmmakers like John Dahl, the director of "Red Rock West" and "The Last Seduction," and Quentin Tarantino, the director of "Pulp Fiction." In television, the "Twin Peaks" mood and manner sceped into series like "Northern Exposure" and "Picket Fences." Lynch's stylistic fingerprints are all

over "The X-Files." But Lynch himself was in limbo, although he describes his fallow peniod with a certain equanimity, even the commercials. "I honestly did like doing them," he said. "Some I did for the money, but even then, not 100 percent. It's like doing an experi-

Fans of "Twin Peaks" should not look for another small-screen on-slaught by Lynch, however. "I'm pretty down on TV at this point," he said. The speed at which you have to work, it kind of kills everything. I like to take time and get into things."

It has been nearly 20 years since Lynch created a sensation with "Eraserhead," a film that established the Lynch mood and offered an early look at the obsessions that still grip him. "I still feel like the same person who made that film," he said. "I have certain things I really love, and

there's not much I can do about it." The obsessional, intuitive nature of Lynch's art makes him exciting but unpredictable. When he steps up to the plate, sudiences — and film ex-ecutives — know that he can drive the ball deep into the center field seats or go down swinging at a pitch 2 feet out

of the strike zone.
"It's in the nature of his talent that world, but 'Twin Peaks' had run its he'll be hit or miss," said an excourse," he said. "The feeling at the ecutive at a company that distributes time we started it was very different independent films. "The question

Lynch said: "I keep hoping people will like abstractions, space to dream, things that don't necessarily add up.

#### **WEATHER**

mala.

KOHEA

Forecast for Saturday through Monday, as provided by Accu-Weather.

North America North America
New York City in
Washington, O.C. with a
scawer or hundersterm from
time to time. Times of clauds
and sunshine and
seasonable Saturday and
Sunday in Checago, Showers
and hundersterms fixety this
weekend in Derver.

Showery Saturday and Rains will seek Oseka and Deshape Sanday in London, Tokyo this weekend, and showers will move into Paris. Brussels and Amsterdam botton at the wookend is over. Pority Philippines early in the wookend in floore than a passing shower this rains. Very humb in Home Mostly Saurus Saturday and Sunday Morday with a few showers and in Mactrict.

Latin America

Doctors at a Charlottesville, Virginia, hospital. where Christopher Reeve is par-

### **PEOPLE**

THE new single from Michael Jackson alyzed and breathing with the aid of a respirator, after breaking his neck during a horse-riding accident over the weekend. .him as a sad-eyed child, about 6 or 7 years old, huddled in a corner with a micro-phone. The picture is on a recording re-leased by Epic Records that contains the songs "Childhood" and "Scream." "Be-damage is not known. At this time, it is fore you judge me, try hard to love me,"
Jackson, now 36, sings on "Childhood."
"Look within your heart then ask, have you seen my childhood?" Jackson grew up as part of the Jackson 5 musical family, and his childhood was provided that the life head was provided to the second of the second of the Jackson 5 musical family, and his childhood was provided to the second of the seco premature to speculate about his long-term prognosis." Reeve's brother. Benjamin, said in a statement that Reeve had been besieged by well-wishers. "Christopher deeply appreciates having received expreshis childhood was spent in the limelight. In sions of goodwill from so many people," September, prosecutors decided not to he sald. "As the medical statement incharge Jackson after a boy who accused him of molestation refused to cooperate dicates, we do not know what lies ahead." with investigators.

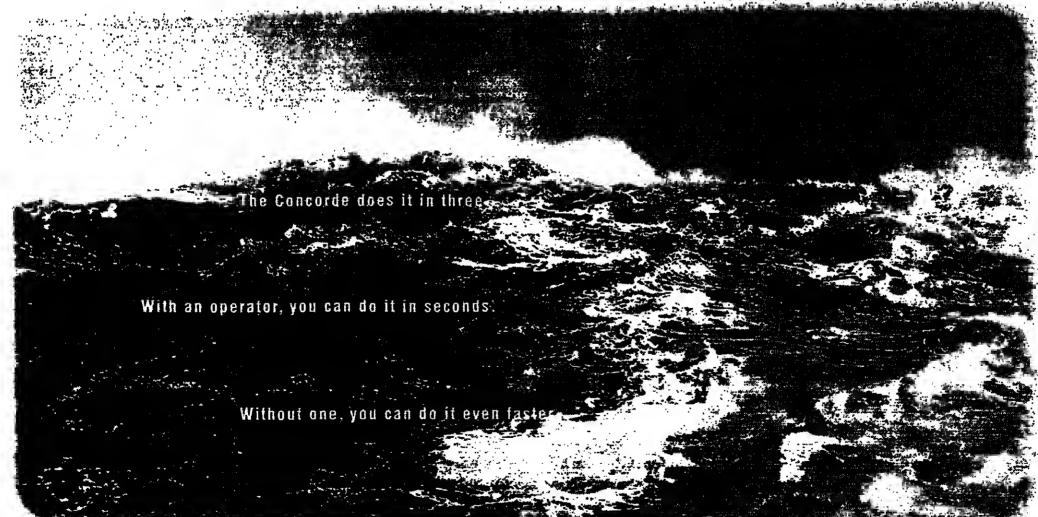
Walter Reich, a former research psychiatrist for the National Institute of Menpostage stamp Thursday on what would U.S. Holocaust Museum. have been her 69th birthday. Ceremonies for the occasion were planned from Hollywood to Baltimore and many cities in

A romantie oovella written by Margaret to Scribner, the successor to Macmillan. which published her only novel, "Gone With the Wind." "Lost Laysen" was writ-



Self-portrait by Michael Jackson

Mitchell when she was a teenager was sold composition books. The price was not revealed, but a publishing executive said the minimum bid was to have been \$1 million. Macmillan gave Mitchell a \$500 advance ten in 1916 in pencil in a pair of blue-cover in 1935 for "Gone With the Wind."



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